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# ONE YEAR ACTION PLAN

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FISCAL YEAR 2003

One-Year Action Plan  
for  
CDBG, HOME, HOPWA, and ESG Funding

**COMMONWEALTH OF MASSACHUSETTS**

Jane Swift, Governor

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

Jane Wallis Gumble, Director





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## **Introduction**

This 2003 One-Year Action Plan is based on the housing and community development goals set forth in the 2000 Consolidated Plan. The 2000 Consolidated Plan contains housing and community development strategies to:

### **HOUSING:**

- expand the supply of housing, including affordable housing for low- and moderate-income households
- preserve the physical and financial viability of assisted and unassisted affordable housing
- provide affordable homeownership opportunities for low- and moderate-income households
- develop a range of housing options and services for homeless families
- provide a range of housing options and services for persons with special needs
- provide technical assistance and incentives that promote housing affordability

### **COMMUNITY DEVELOPMENT:**

- assist municipalities with planning and technical assistance
- assist low- and moderate-income communities through individual and institutional development
- assist communities with public facilities and infrastructure improvement
- assist business development and support

For FY 2003, the Commonwealth expects to receive funding from the U.S. Department of Housing and Urban Development as follows:

* CDBG	\$38,000,000
* ESG	\$ 2,235,000
* HOME	\$15,016,000
* HOPWA	\$ 981,000

It should be noted that the above sums are estimates at this time. In the event that the HUD allocation is different from the amounts noted above, DHCD will modify its allocation plan and provide public notice of any changes. The use of funds from the four HUD sources noted above contributes to a coordinated and comprehensive state response to the listed goals.

This annual action plan continues to reflect the cooperative participation of the many state agency and non-profit providers who contributed to the 2000 Consolidated Plan submission. The Executive Office of Health and Human Services (EOHHS), as the state's Emergency Shelter Grant (ESG) recipient, and the Massachusetts Department of Public Health, which administers the state Housing Opportunities for Persons with AIDS (HOPWA) funding, were instrumental in assisting the Department of Housing and Community Development in the organization and development of the One-Year Plan.

Specifically, the use of HOME, Community Development Block Grant (CDBG), and HOPWA funds responds to the priorities of Massachusetts' communities to meet the needs of preserving existing housing, and expanding the supply of housing. The specific housing and service needs of persons with HIV/AIDS will also be addressed by the HOPWA program. The Emergency Shelter Grant funding emphasizes the need to prevent homelessness, featuring a "continuum" model to move

people beyond shelter and into supportive transitional and permanent housing environments. This approach supports the Commonwealth's plan for this population by combining state and federal resources to respond to the housing and service needs comprehensively, and promote greater self-sufficiency and economic stability for the homeless and near homeless population.

CDBG funds are central to the community development priorities identified in this plan. In addition to the broad range of community development projects, the program supports small business development through support of regional, revolving loan funds, and the retention or expansion of existing businesses through the Massachusetts Community Capital Fund.

CDBG funds are also being used to improve and expand infrastructure capacity in smaller communities throughout the state, and the housing rehabilitation funds are being used in many communities to revitalize older housing in established neighborhoods. HOME funds for rehabilitation also contribute to the neighborhood stabilization priority.

### **Consultation/Citizen Participation**

The Consultation/Citizen Participation process for this One Year Action Plan is engrossed in the 2000 Consolidated Plan process. As required by Annual Plan Regulation, the 2003 Annual Action Plan notice appeared in newspapers throughout the Commonwealth on September 30, 2002. The legal notice describing the availability of the Commonwealth's Annual 2003 Action Plan Draft, its contents, and public hearing was published in newspapers of general circulation throughout the Commonwealth. The notice listed 20 locations across the state where a hard copy of the plan was available for viewing. The public comment notice clearly stated the length of the 30-day public comment period that ended November 1, 2002, where the draft plan was available for review, and the addresses to which comments should be sent, e-mailed or faxed. Notices announcing the comment period were sent to an extensive list of providers, eligible applicants, advocacy organizations, housing authorities, and local and regional entities that are or could be participants in one or more of the programs described in the plan. The One Year Action Plan Draft was mailed at the same time to the entities listed, and made available at DHCD's office in Boston. In addition the draft plan was posted on the DHCD website [www.state.ma.us/dhcd](http://www.state.ma.us/dhcd), and thus made available to all the citizens of the Commonwealth.

**Application for  
Federal Assistance**
**U.S. Department of Housing  
and Urban Development**

OMB Approval No.2501-0017 (exp. 03/31/2005)

1. Type of Submission

☒

Application

☐

Preapplication

2. Date Submitted

4. HUD Application Number

3. Date and Time Received by HUD

5. Existing Grant Number

6. Applicant Identification Number

7. Applicant's Legal Name

**Commonwealth of Massachusetts**

8. Organizational Unit

**Department of Housing & Community Development**

9. Address (give city, county, State, and zip code)

A. Address: **One Congress Street**B. City: **Boston**C. County: **Suffolk**D. State: **MA**E. Zip Code: **02114**

10. Name, title, telephone number, fax number, and e-mail of the person to be contacted on matters involving this application (including area codes)

A. Name: **Sarah B. Young**B. Title: **Deputy Director of Policy**C. Phone: **(617) 727-7765 ext. 123**D. Fax: **(617) 727-5060**E. E-mail: **sarah.young@state.ma.us**

11. Employer Identification Number (EIN) or SSN

**99-9089540**

12. Type of Applicant (enter appropriate letter in box)

**A**

A. State

I. University or College

B. County

J. Indian Tribe

C. Municipal

K. Tribally Designated Housing Entity (TDHE)

D. Township

L. Individual

E. Interstate

M. Profit Organization

F. Intermunicipal

N. Non-profit

G. Special District

O. Public Housing Authority

H. Independent School District

P. Other (Specify)

13. Type of Application

☒ New ☐ Continuation ☐ Renewal ☐ Revision

If Revision, enter appropriate letters in box(es)

☐ ☐

A. Increase Amount B. Decrease Amount C. Increase Duration

D. Decrease Duration E. Other (Specify)

14. Name of Federal Agency

**U.S. Department of Housing and Urban Development**

15. Catalog of Federal Domestic Assistance (CFDA) Number

**14 ---**Title: **CDBG 14.228 ESG 14.231**Component Title: **HOME 14.239 HOPWA 14.241**

16. Descriptive Title of Applicant's Program

**HUD Community Planning Development 2003 One Year Action Plan  
for the Commonwealth of Massachusetts' CDBG, HOME, ESG  
and HOPWA programs**17. Areas affected by Program (boroughs, cities, counties, States,  
Indian Reservation, etc.)**Commonwealth of Massachusetts**

18a. Proposed Program start date

18b. Proposed Program end date

19a. Congressional Districts of Applicant

**9th District**19b. Congressional Districts of  
Program**1st - 10th Districts**20. Estimated Funding: **Applicant must complete the Funding Matrix on Page 2.**

21. Is Application subject to review by State Executive Order 12372 Process?

A. Yes

☐

This preapplication/application was made available to the State Executive Order 12372 Process for review on: Date \_\_\_\_\_

B. No

☒

Program is not covered by E.O. 12372

☐

Program has not been selected by State for review.

22. Is the Applicant delinquent on any Federal debt?

☒

No

☐

Yes If "Yes," explain below or attach an explanation.

## Funding Matrix

The applicant must provide the funding matrix shown below, listing each program for which HUD funding is being requested, and complete the certifications.

Grant Program*	HUD Share	Applicant Match	Other HUD Funds	Other Federal Share	State Share	Local/Tribal Share	Other	Program Income	Total
CDBG	\$38,000,000				\$1,500,000			\$500,000	\$40,000,000
ESG	\$2,235,000								\$2,235,000
HOME	\$15,016,000								\$15,016,000
HOPWA	\$981,000								\$981,000
<b>Grand Totals</b>	<b>\$56,232,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$500,000</b>	<b>\$58,232,000</b>

\* For FHIPs, show both initiative and component

## Certifications

I certify, to the best of my knowledge and belief, that no Federal appropriated funds have been paid, or will be paid, by or on behalf of the applicant, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or Member of Congress, an officer or employee of a Member of Congress, in connection with the awarding of this Federal grant or its extension, renewal, amendment or modification. If funds other than Federal appropriated funds have or will be paid for influencing or attempting to influence the persons listed above, I shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying. I certify that I shall require all sub awards at all tiers (including sub-grants and contracts) to similarly certify and disclose accordingly.

Federally recognized Indian Tribes and tribally designated housing entities (TDHEs) established by Federally-recognized Indian tribes as a result of the exercise of the tribe's sovereign power are excluded from coverage of the Byrd Amendment, but State-recognized Indian tribes and TDHEs established under State law are not excluded from the statute's coverage.

This application incorporates the Assurances and Certifications (HUD-424B) attached to this application or renews and incorporates for the funding you are seeking the Assurances and Certifications currently on file with HUD. To the best of my knowledge and belief, all information in this application is true and correct and constitutes material representation of fact upon which HUD may rely in awarding the agreement.

23. Signature of Authorized Official

Name (printed)

Jane Wallis Gumble

Date (mm/dd/yyyy)

11/15/02

Title

Director, Department of Housing & Community Development

**(a) Resources Available to Respond to Consolidated Plan Goals/Needs**

**(1) Federal Resources (listed alphabetically)**

***Community Development Block Grant (CDBG)***

Administered by DHCD, the Massachusetts Community Development Block Grant program provides federal funds on a competitive basis to municipalities that have populations under 50,000 and are designated as HUD non-entitlement areas. Communities may apply for a variety of projects including the rehabilitation/stabilization of housing stock, improvements to aging infrastructure, stabilization of neighborhoods and assistance to small businesses for job creation. In federal FY 2003, the Massachusetts CDBG Program will receive approximately \$38,000,000 from HUD. Based on past demand, approximately 40 percent will be awarded from the federal FY 2003 allocation to support the rehabilitation of 500-700 affordable housing units. Applications requesting funds are evaluated in an annual competition through the Community Development Fund (CDF) and the Ready Resource Fund (RRF) components of the CDBG Program (*See more discussion under (b) Activities and (f) Program Requirements.*

The Housing Development Support Program (HDSP) component of the state's CDBG program assists with the creation, preservation and improvement of specific affordable housing projects, which principally benefit low- and moderate-income families. Neighborhood stabilization and expanding the supply of affordable housing remain the primary goals of HDSP. The program provides "gap financing" to make projects feasible. In FY 2003, \$2,500,000 will be available for HDSP and funds will be distributed on a competitive basis. Eligible activities include: rehabilitation; homeownership; reclamation of abandoned/foreclosed properties; related infrastructure; and conversion of under-utilized and obsolete structures.

Further information regarding the CDBG program may be obtained by calling DHCD at (617) 727-7001.

***Community Services Block Grant (CSBG)***

DHCD, through the Division of Neighborhood Services/Bureau of Neighborhoods, administers CSBG funds, which provide an array of services and activities to enhance the quality of life and encourage self-sufficiency for low-income families and individuals. There are 25 community-based nonprofit entities designated by the U.S. Department of Health and Human Services and the Director of the Department of Housing and Community Development that serve as community action agencies (CAAs) in Massachusetts. The federal government annually appropriates CSBG funds to the state, which DHCD in turn allocates to the CAAs. In FY 2003, CSBG allocation was \$14,525,577. CAAs use CSBG funds to plan and implement a wide range of social service programs such as self-sufficiency, housing assistance, child care, youth and family development, teen pregnancy prevention, elderly services, educational programs, emergency services, income management, employment training, energy assistance, domestic violence prevention, health services, rural transportation, small business development, and nutrition assistance. See also, *(e) Other Actions, Anti-poverty Strategy* for more information. For more information, please contact DHCD's Bureau of Neighborhoods at (617)



727- 7004

### **Community Services Block Grant Discretionary Funding**

During the fiscal year 2003, the Bureau of Neighborhoods will identify several priority categories in which CSBG Special Projects funding will be directed. Identification of priority categories will occur in coordination with the Massachusetts Community Action Programs Directors' Association (MASSCAP).

In addition, discretionary funds will be awarded on a rolling basis for projects that address specific priority areas. Categories taken into consideration Affordable Housing, Homelessness Prevention, Education, and Welfare Reform.

Priority categories identified to date are:

- Affordable Housing
- Children/Youth Development
- Homelessness Prevention
- Hunger Prevention
- Education
- Welfare Reform
- Other (Professional Development, Research Analysis)

The Director, at her discretion, will also provide financial and technical assistance grants to support a variety of anti-poverty and economic development activities that promote family self-sufficiency. As a matter of course, discretionary funds have been awarded to community action agencies, as well as other community based nonprofit agencies, for start-up projects rather than multi-year funding.

Community Services Block Grant Special Projects Awards for FY 2003 were announced as the Department approved them.

### **Continuum of Care**

1993

#### *Shelter Plus Care:*

All DHCD McKinney Shelter Plus Care projects funded in FY 1993 are proceeding. The four Shelter Plus Care projects provide up to 192 units of housing each year for homeless disabled persons. Three of the four projects are expected to end by 2001; the fourth will continue until the year 2005.

1996

In FY 1996, EOHHS and DHCD received over \$8 million in SuperNOFA funding for six Shelter Plus Care projects, one SRO MOD rehab, and one Supportive Housing Project. The six Shelter Plus Care projects are all operational.

#### *Supportive Housing Program (SHP): Dual Diagnosis:*

The Department of Mental Health (DMH) and Department of Public Health (DPH) are working together on a new three-year statewide initiative to provide housing and services for 60 homeless clients who have a dual diagnosis of mental illness and substance abuse. Services are designed to encourage client dignity, self-determination and empowerment, with the goal of obtaining permanent

housing and support services, achieving increased and eventually total abstinence from substances, and a reduction in utilization of acute care services.

1997

EOHHS and DHCD were awarded \$4.6 million in the Continuum of Care competition to fund six projects (all SHP) in 1997.

- 1) Post-Acute Treatment Services/Pre-Residential Recovery Services provides housing and services statewide to 720 chronically homeless individuals who experience multiple detox admissions. Intensive substance abuse services, basic life skills and three months sobriety maintenance will establish eligibility for more structured recovery homes and/or supportive housing programs.
- 2) Transition to Home provides short-term rental assistance, housing search stabilization services to 216 homeless battered women and their children statewide.
- 3) Proyecto Opciones maintains nine transitional housing units in Chelsea with services for homeless families with HIV/AIDS.
- 4) Aggressive Street Outreach continues to provide outreach services (substance abuse, mental health and psychiatric) to the most entrenched, primarily mentally ill, individuals living on the streets in eastern Massachusetts.
- 5) Community Housing and Innovations Program maintains a statewide housing search, placement and stabilization program for homeless people with HIV/AIDS.
- 6) Greater Boston Mobile Stabilization Team provides housing placement and stabilization services to homeless individuals in the greater Boston area.

1998

1. The Massachusetts Department of Housing and Community Development (DHCD) was awarded funding in the amount of \$1,799,566 for the Scattered Site Transitional Apartment Program (SSTAP) to provide transitional housing and services to seventy-eight homeless families with children.

One of the greatest needs identified by the Department of Social Services (DSS) in helping families who are displaced by domestic violence is for transitional housing that provides families with the necessary economic and life skills to establish a pattern of long-term stability and independence. The Scattered Site Transitional Apartment Program (SSTAP) was developed to meet this need.

2. The Massachusetts Department of Public Health-Bureau of Substance Abuse Services was awarded \$1,999,998 in Supportive Housing Program (SHP) renewal funding to maintain its Homeless Substance Abuse Initiative (HSAI) residential recovery beds and services for homeless clients per day during the grant period, serving a total of 352 homeless individuals. Outreach services to this population will be maintained at the present level.

3. The Massachusetts Department of Transitional Assistance was awarded SHP renewal funding for the Mobile Resource Team (MRT), an existing supportive service only, statewide project, in the amount of \$1,196,160 for two (2) years. MRT is designed to assist homeless single adults become financially self-sufficient and secure permanent housing. This goal is achieved by helping homeless individuals obtain permanent employment, and by providing homeless individuals with housing search, rental assistance and up to six months of stabilization services. This program was renewed

for two years and was funded at \$584,512 in FY 2000 to serve over 800 homeless individuals in four regions of the state.

4. The Massachusetts Rehabilitation Commission was awarded \$361,200 in renewal funding for the Supported Living Program to provide case management supports to 20 homeless persons with multiple disabilities who need but cannot independently manage personal care assistance services. Experience with this program over the last three years has demonstrated that this population can transition successfully to permanent housing with appropriate supports including case management services.

The Devens Project proposed by the Central Mass Shelter for Homeless Veterans, Inc. (CMSHV) was awarded \$442,050 to provide permanent housing and supportive services to 36-42 homeless disabled veterans and a resident manager at the former Fort Devens U.S. Army Military Reservation, a closed military base. Ten duplexes with two 2-bedroom units each have been leased from the Devens Commerce Center, the designated developer for Fort Devens.

1999

### **1. Squire Court**

South Shore Housing Development Corporation (SSHDC) proposed the development of ten units of permanent housing for homeless, disabled families. These units are within the context of an eighteen unit family housing development located on Fearing Hill Road in Wareham called Squire Court. The total of the Supported Housing Project funding request was \$420,000, dedicated to serve sixteen (16) families over three years. SHP funds were utilized to acquire and renovate ten of the units at this previously abandoned development. This project provides new, additional permanent housing for homeless families with a disabled head of household, or where head of household is responsible for care of a disabled family member. The buildings were elevated to allow street level entrance. Three of the units were renovated to be wheelchair accessible. All ten units have two bedrooms. A Case Manager will be hired to staff these ten units. This staff person works with the families to increase their levels of self-sufficiency and increase their likelihood of maintaining their housing stability.

### **2. Proyecto Opciones (2 yrs)**

Proyecto Opciones provides confidential scattered site rental assistance and comprehensive services in Spanish to homeless Latinos living with HIV/AIDS. About two thirds of Proyecto Opciones units are located in the City of Boston and the balance is located in the City of Chelsea. Latino Health Institute (LHI) sought \$397,239 in SHP renewal funding for two years to provide housing and services for seven families and eight individuals through the 1999 Massachusetts' Continuum of Care. As part of Massachusetts' 1999 application, Proyecto Opciones continued to provide rental assistance (leasing) and supportive services including outreach, case management (including alcohol and drug addiction services, education and employment assistance), mental health, and life skill services to program participants. SHP funding was requested for the lease of nine (9) units in Chelsea or Revere and for intensive supported services. Proyecto Opciones program participants must agree to work with a bilingual (Spanish) case manager to establish individualized service plans with address mutually determined goals relative to residential stability, increased skills and income and greater self determination. LHI will contribute housing counseling, interpretation and advocacy services to the project.

### **3. Aggressive Street Outreach (2 yrs)**

The Tri-City Mental Health and Retardation Center, Inc., in collaboration with the Massachusetts Department of Mental Health and numerous homeless service providers requested a total of \$840,541 for 2 years for the renewal of the Aggressive Street Outreach project to serve 910 individuals and families. This program provides Outreach and mental health/substance abuse services to homeless people who are living on the streets, in the woods, and other public places in several areas of

Massachusetts in which substantial street populations have been identified. The overall purpose of the project is to engage the most difficult to reach, entrenched population of homeless people living on the streets of Massachusetts, and reconnect them with basic systems of care and service, improve the health of these individuals, and improve their chances of escaping homelessness. The project will fill a significant gap in the continuum of care for homeless people in the regions served because there is a scarcity of programs which have the resources to aggressively target street people in general, and there are no other programs that utilize professionally trained staff to provide direct clinical services to street populations. SHP funds are used to sustain 7.85 FTE of supportive service positions and \$10,000 of "wrap around" funds. The program is integrated into and compliments the federal PATH program, which funds 22 masters level clinicians who provide outreach and mental health services in over 60 shelters across the Commonwealth. If program funding is renewed, we will use new federal PATH funds to create three additional full time, masters level positions to expand the Aggressive Street Outreach program to several currently unserved areas.

#### **4. Greater Boston Mobile Stabilization Team (2 years)**

HomeStart, Inc. seeks \$384,561 for two years of SHP services-only funding to renew the Greater Boston Mobile Stabilization Team (Greater Boston Stabilization). This project assists homeless men and women with stabilizing impermanent, scattered site housing in Greater Boston. It brings together Massachusetts' two major housing placement programs for homeless adults—HomeStart and the Mobile Resource Team (MRT)—in one regionally coordinated stabilization system, which, as part of this renewal, will expand and enhance services, assisting 125 participants annually. Services will continue to be offered in more than 40 cities and town to the north, south, and west of Boston. The project complements existing stabilization services in the entitlement cities of Boston, Cambridge, Somerville, and Quincy by targeting the surrounding non-entitlement communities. Greater Boston Stabilization fills gaps in the region's continuum by ensuring that individuals moving to under-served communities successfully transition from homelessness to self-sufficiency. SHP funds will continue to support four staff to the project and related expenses including assisting participants with move-in costs, part-time use of an agency van to move disabled participants into housing units, and staffing for employment counseling for disabled participants.

2000

1. Somerville Homeless Coalition, Inc. was awarded \$263,485 in SHP funding to serve 12 individuals over two years. This project will develop a Permanent Housing for Persons with Disabilities program designed to address the critical and unmet special needs of homeless young adults (aged 18-24) in recovery from substance abuse. The "Sobriety and Stability" Program (hereinafter "S&S") will provide permanent housing and supportive services, including essential relapse prevention services, for homeless young adults who are particularly prone to substance abuse relapse and a return to homelessness during the first 2-3 years of recovery. S&S will offer the next step in the Continuum after detoxification and residential treatment. At full capacity, S&S will provide housing for 10 young adults ages 18-24.

2. The Department Of Mental Health (Dmh) and the Department Of Public Health, Bureau Of Substance Abuse Services (DPH/BSAS) were awarded \$1,323,749 for two years of renewal funding for the aggressive treatment and relapse prevention program (ATARP). DMH and DPH have collaborated over the past several years planning, developing and jointly managing ATARP, a supported housing program designed to permanently house and support up to 60 homeless households (55 individuals and 5 families) diagnosed with co-occurring psychiatric and substance abuse disorders. ATARP operates statewide through contracts with qualified service providers skilled in substance abuse and mental illness. Each program has capacity to provide screening and evaluation, housing placement and continuing support services to strengthen their recovery and

independence.

3. The Department of Housing and Community Development (DHCD) was awarded \$813,853 in renewal funding for the Scattered Site Transitional Apartment Program (SSTAP) for one year to provide housing and services to 39 families. One of the greatest needs identified by the Department of Social Services (DSS) in helping families who are displaced by domestic violence is for transitional housing that provides families with the necessary economic and life skills to establish a pattern of long-term stability and independence. SSTAP, which was developed to meet this need, was originally funded through the FY'95 SuperNOFA. This project has served over 180 families who received an array of services including counseling, job training, budget management, and other life skills that enabled most families to move on to permanent housing and live free of partner violence. Due to the success of this program, the Commonwealth of Massachusetts created SSTAP II, an additional 40 units of transitional housing with 100% state funding in 1998. SHP funding will continue to support the cost of 39 scattered site housing units (apartments) and related supportive services to assist homeless families who are the victims of domestic violence move along the Continuum of Care.

4. The Department of Public Health/Bureau of Substance Abuse Services (DPH/BSAS) was awarded \$1,049,999 in Supportive Housing Program renewal funding for one year to maintain the Homeless Substance Abuse Initiative (HSAI). Funding will be utilized to maintain 44 residential recovery beds and services per day specifically for homeless clients, serving a total of 200 homeless individuals per year statewide. In addition, outreach services to this population will be maintained at the present level. Emergency shelter providers, homeless advocates, and treatment providers identify persons with chronic alcohol and other drug problems as representing a significant sub-population prevalent and underserved within emergency homeless shelters.

5. The Department of Social Services (DSS) was awarded one year of renewal funding in the amount of \$174,335 for the Transition to Home Program to serve an additional 72 homeless families. Transition to Home is a short-term rental assistance housing search program for battered women and their children. By offering women the housing search assistance to locate safe, appropriate housing and providing funds to assist in securing an apartment (i.e. first or last month's rent and other moving related expenses), the Department has been able to aid battered homeless women and children in their transition from emergency shelter to permanent housing. The provision of housing search assistance and six month follow-up services has helped to ensure that families do not become homeless again during the difficult early months in permanent housing. Through this statewide program, over 100 families have received this vital service and are now permanently housed. SHP funds will be used to support housing search services to eligible families in the program. In addition, a portion of these funds will be used to provide families with funds to pay for housing related costs such as first and last month's rent payment, storage costs, and other housing and moving related expenses.

6. The Department of Transitional Assistance (DTA) in conjunction with the Mass Shelter and Housing Alliance was awarded \$492,818 for one year to serve 700 individuals in HUD SHP renewal funding for the Mobile Resource Team (MRT), a supportive service only project. MRT assists eligible homeless single adults to become financially self-sufficient and secure permanent housing. This goal is achieved by helping homeless individuals obtain permanent employment or enter training/education programs that will lead to employment, and by providing homeless individuals with housing search, rental assistance and up to six months of stabilization services.

7. The Massachusetts Rehabilitation Commission (MRC) was awarded \$210,000 for one year of renewal funding for the Supported Living Program (SLP). SLP is an important and innovative program that will continue to provide case management supports to 20 homeless persons with multiple disabilities who need, but cannot independently manage, personal care assistance services.

Experience with this program over the last five years has demonstrated that this population can transition successfully to permanent housing with appropriate supports including case management services.

8. The Department of Public Health (DPH), in collaboration with the Massachusetts Housing and Shelter Alliance (MHSA), was awarded for \$ 478,655 for one year of SHP Transitional Housing renewal funding to provide Post-Acute Treatment Services (ATS), Pre-Residential Recovery Services (RRS) to 400 individuals. Services will be provided throughout the Commonwealth and will include substance abuse assessment, coordination of substance abuse treatment, psycho-educational counseling, intensive case management and relapse prevention. The program is designed to serve chronically homeless men who experience multiple detoxification admissions each year and need to develop basic life skills to be eligible for Residential Recovery Services or at least 3 months sobriety to be eligible for other sober transitional or supportive housing programs. (RRS are structured, licensed residential treatment programs that support recovery from substance abuse and encourage movement toward independent living for homeless and non-homeless adults.) This initiative served as a model for the creation of the Transitional Support Services (TSS) program in the BSAS continuum of care supported totally with state funds.

### ***Emergency Shelter Grants (ESG)***

The Executive Office of Health and Human Services (EOHHS) manages the distribution of federal ESG funds to assist homeless programs and communities across the Commonwealth. In FY2002, \$2,240,000 was made available to provide emergency shelter, case management support for homeless families and individuals, tenancy preservation programs, substance abuse counseling, housing search, job training, AIDS programs, and services to homeless ex-offenders, battered women and veterans. A similar allocation is expected in 2003. Over 2,500 individuals and families were served. (See more discussion under (b) 3 “Activities” on page 55 and (f) 3 “Program Specific Requirements” beginning on page 147. For more information about ESG-supported programs, please contact EOHHS at (617) 727-7600 x. 406.

### ***Federal Home Loan Bank of Boston***

The Federal Home Loan Bank of Boston (“the Bank”) is a central bank for housing finance in the six New England states. Institutions eligible for membership include savings banks, savings and loans, cooperative banks, commercial banks, and credit unions. Member institutions are sole customers and stockholders of the Bank and primary originators of home mortgages in New England. The Federal Home Loan Bank system is a national network of 12 regional, member-owned banks. The system was created by Congress to promote housing by providing services to financial institutions that commit a significant portion of their assets to home-mortgage loans.

### ***Affordable Housing Program***

The Bank’s Affordable Housing Program (AHP) continues to be an important source of financing for affordable housing in Massachusetts and throughout New England. The Bank allocates 10 percent of its yearly net profits to a subsidy pool that provides discounted loans, and in some cases, grants, to member institutions. Last year, approximately \$13.2 million in AHP funds provided funding to approximately 50 projects. Members use these funds to support initiatives to develop and preserve affordable rental or ownership housing within their communities. AHP funds are awarded in two competitive application rounds held in the spring and fall each year. Awards must benefit households earning at or below 80 percent of the area median income. This year’s application deadlines are April 28 and October 1.

*Community Development Advance*

The Bank also offers members a discounted loan program for housing, community-economic development, and mixed-use initiatives. In return for favorable rates, members agree to use CDA funds to support projects that meet the program guidelines. No limit has yet been established in 2003 for the CDA program, as the amount of funding distributed will depend on the number of qualifying projects that apply. Eligible uses of funds include development of affordable ownership or rental housing benefiting households with incomes at or below 115 percent of the area median. Commercial, mixed-use, and economic-development projects may also be funded, provided they benefit households or neighborhoods where incomes are at or below 100 percent of median.

For more information on any of these housing programs, contact the Federal Home Loan Bank of Boston's Housing and Community Investment Department at (617) 292-9677 or (617) 292-9646, or visit [www.fhlbboston.com/communitydevelopment/fundingprograms](http://www.fhlbboston.com/communitydevelopment/fundingprograms)

**HOME**

*HOME Investments Partnership Act (HOME):*

As HOME's administering agency, DHCD expects to receive an additional allocation of approximately \$15,200,000 in federal FY 2003. DHCD intends to continue awarding the majority of its HOME funds competitively, with priority being given to projects located in municipalities not receiving HOME funds directly from HUD. DHCD will administer two HOME program types: multi-family rental housing loans, and homebuyer assistance.

*Multi-Family Rental Housing Loans:*

DHCD expects to commit approximately \$8.9 million to rehabilitate or newly construct a minimum of 178 HOME-assisted housing units. Typically, DHCD awards up to \$50,000 per unit in HOME assistance to projects located in HOME entitlement or consortium communities. In non-entitlement or consortium communities, DHCD awards up to \$65,000 per unit. Typically, a maximum of \$750,000 is awarded to a project.

DHCD intends to make up to \$2 million of the \$8.9 million of HOME funding on a rolling basis to assist suburban cities and towns in facilitating the new production of affordable rental properties through the Suburban Rental Development Pilot Production Program. The pilot program will provide intensive technical assistance from the Massachusetts Housing Partnership Fund (MHP), pre-development funding through DHCD and MHP and permanent financing from DHCD and MHP. The community also must contribute to the project, but no additional capital subsidy sources will be permitted.

*Homebuyer Assistance:*

DHCD expects to award, through a competitive RFP process, approximately \$3.6 million dollars in project based homebuyer funds to rehabilitate and resell 72 single-family homes to eligible first-time homebuyers through this program. Typically, a maximum of \$750,000 is awarded to a project. DHCD also expects to award approximately \$1.2 million in purchaser-based homebuyer funds to provide down payment/closing costs assistance to 240 eligible buyers. Typically, a maximum of \$250,000 is awarded to eligible applicants.

*Homeowner rehabilitation:*

DHCD does not anticipate committing federal FY 2003 HOME funds for homeowner rehabilitation projects.

The resources for the HOME match continue to be the state-funded Massachusetts Rental Voucher Program and the state's Housing Stabilization Fund (both described in this section of the plan). Annual expenditures through these two programs alone are approximately \$45 million. Since states are allowed to "bank" match, that expenditure level would constitute match -- calculated at 25 cents (\$0.25) on the HOME dollar (\$1.00) -- for many years. For more information please contact the Department of Housing and Community Development at (617) 727-7824.

### ***Housing Opportunities for Persons With AIDS (HOPWA)***

The Commonwealth's Department of Public Health (DPH) supports three programs with the HOPWA funds it receives from the federal government. Additional discussion of the state's HOPWA allocation appears in (c) Activities and (g) Program Requirements. The three programs funded with the state's allocation of HOPWA funds are briefly described below.

Funding levels and priorities are reviewed on a regular basis and are subject to change based on federal award amounts and programmatic priorities. If changing circumstances require DPH to select additional projects and/or sponsors, then DPH's AIDS Bureau will identify and select such projects or sponsors through its established procedures for purchase of services. Similarly, if changing circumstances require a reduction in funding or funded programs, decisions will be made based on established procedures and in consultation with the Statewide HOPWA Advisory Committee (SHAC). Final decisions will be made by the AIDS Bureau based on the availability of all funding sources and the configuration of services throughout the state.

#### ***1. Community Housing Innovations Program (CHIP)/Tenant-Based Rental Assistance (TBRA) Program:***

CHIP is a statewide network of fifteen agencies that provides housing search and stabilization services to homeless individuals and families with HIV/AIDS. CHIP assists its participants to access rental subsidies, locate appropriate housing, negotiate leases with landlords, develop skills to maintain housing, and connect to supportive services in the community as needed to live independently and become integrated into the community. CHIP works with established housing programs, such as TBRA.

The Justice Resource Institute (JRI) administers TBRA through its Assisted Living Program. TBRA is a statewide program that provides over 200 rental subsidies from DHCD (Sec. 8s, now called Housing Choice Vouchers) to individuals and families with HIV/AIDS. The program is managed through a computerized application process that can be accessed through a statewide toll-free number, 1-800-201-8282. Participants in TBRA receive outreach, housing search, and case coordination services to assist them to establish successful lease-ups and stable tenancies.

The combined HOPWA funding for this program is \$523,470 for FY 03.

#### ***2. Rental Assistance Programs: Homeless Prevention Program (HPP) and Rental Start-up Program (RSP):***

The Homeless Prevention Program (HPP) provides emergency and short-term rental assistance to people with HIV/AIDS who reside anywhere in Massachusetts. Assistance may be used to pay back-rent to prevent eligible households from being evicted for non-payment of rent. It may also be used to help households pay the rent for a short period of time while they seek the means to afford their current housing on an ongoing basis or while they seek affordable housing elsewhere.

The Rental Start-up Program (RSP) provides first month's rent, last month's rent, security deposit, or agent's fee to households that are moving into subsidized housing or into affordable units in the private market anywhere in Massachusetts.



The state has committed \$400,000 in its formula HOPWA funds to these programs. The programs are statewide but are coordinated with HPP, RSP and UAP programs funded through the City of Boston with its formula HOPWA and Ryan White Title I funding respectively. The AIDS Action Committee (AAC) administers the programs (with the state's HOPWA and the city's HOPWA and Ryan White funding)

### **3. *Foley House***

Ten units for people with HIV/AIDS in an alcohol- and drug-free setting. This is a congregate living program that provides case management and 24-hour support. This is a program of the AIDS Support Group of Cape Cod (ASGCC) and the Provincetown Housing Authority.

It is important to note that the EMSA (Eligible Metropolitan Statistical Area) of the city of Providence, Rhode Island, which became eligible for a formula HOPWA grant in 1998, includes eight cities and towns in Southeastern Massachusetts including Fall River. Providence decided to pass a proportionate amount of its HOPWA grant to the city of Fall River to fund activities in and for those eight cities and towns. There are two funded activities supported with these HOPWA funds: a program called A Movable Feast, based in Fall River, that provides meals to people with HIV/AIDS; and a part-time position at Project CARE at SSTAR (Stanley Street Treatment and Resources in Fall River) that provides transitional case worker services in conjunction with the Next Step Home, a housing program in the Fall River area. These funded activities were designed to work in conjunction with the statewide programs funded by Massachusetts' formula HOPWA grants as described above (CHIP/TBRA, HPP & RSP).

Additional information about the state's use of its HOPWA funds can be obtained by calling the HIV/AIDS Bureau of the Massachusetts Department of Public Health at (617) 624-5300.

### ***Low Income Home Energy Assistance Program (LIHEAP)***

DHCD administers approximately \$70 million annually to assist low-income households in meeting the high costs of home heating through the Division of Neighborhood Services/Bureau of Energy Programs. Approximately 120,000 households will be assisted in federal FY 2003. Within the LIHEAP funds, \$4 million is set aside for the *Heating Emergency Assistance Retrofit Task Weatherization Assistance Program (HEARTWAP)*. These funds provide for a comprehensive heating system repair and replacement program for low-income (LIHEAP-eligible) households. This emergency-based program will serve approximately 10,000 households between October 1, 2002 and September 30, 2003.

A network of local subgrantee agencies covering every community in the Commonwealth manages these programs. These programs serve to help maintain affordable housing by making energy costs more manageable for low-income residents. For additional information about the programs, call the Department of Housing and Community Development, Bureau of Energy Programs at (617) 727-7004.

### ***Low-Income Housing Tax Credit Program (LIHTC)***

In Massachusetts, DHCD is the allocating agency for federal low-income housing tax credits. Activities of the LIHTC are discussed in (e) *Other Actions*. For more information, please contact the Department of Housing and Community Development at (617) 727-7824.

## MassHousing

### *HUD Foreclosed Property Disposition Demonstration Program ("Demo Dispo"):*

In 1994, as part of a national demonstration program, MassHousing assumed asset management responsibilities for HUD's inventory of foreclosed multifamily properties in Boston. This encompassed eleven developments representing 2,193 units of physically-distressed housing located in the Roxbury, Dorchester, and South End neighborhoods of Boston. In addition to this oversight role, MassHousing was charged with the responsibility to plan for the disposition and transfer of ownership of these properties to new entities formed or selected by the properties' resident associations. This resident-centered process also involved the redesign, rehabilitation, and, where necessary, the demolition and reconstruction of these properties. As HUD's agent, MassHousing is managing a capital budget in excess of \$220 million, with project-based, 15-year Section 8 Property Disposition funds providing rental assistance and operating subsidies. It is projected that this redevelopment program will be substantially completed in calendar year 2002, with the remainder of the redevelopment work being largely completed by the end of 2003. Central to this housing rehabilitation and preservation program is an economic development agenda designed to create business and employment opportunities for community businesses and residents. As of June 30, 2002, the following results have been achieved:

#### Construction Contract Awards -- \$258 million awarded to date

Local Businesses	Minority-owned Business Enterprises	Women-owned Business Enterprises
47%	48%	10%

#### Construction Workforce Hours – 1.6 million hours worked to date

Local Workers	Demo Dispo Resident Workers	Minority Workers	Women Workers
41%	7%	55%	4%

### *Section 8 Mark-to-Market Program:*

MassHousing has been selected by HUD as its Participating Administrative Entity (PAE) to restructure certain HUD-insured Section 8 developments in the Commonwealth under HUD's Mark-to-Market Program. Under this initiative, MassHousing, acting as HUD's agent, will restructure existing Section 8 contracts and the concomitant insured debt to a level that is market-based. In the preceding Mark-to-Market Demonstration Program, MassHousing restructured seven transactions, resulting in more than \$1 million in annual savings in Section 8 payments. MassHousing's participation in the projects' restructuring may also generate refinancing opportunities, thereby promoting even longer-term stability and affordability. In its participation in the "permanent" Mark-to-Market Program, MassHousing has completed restructurings for 14 developments (with 1,179 units). These transactions have resulted in Section 8 savings of more than \$2 million. In total, MassHousing has processed 21 developments (1,915 units) for a total annual Section 8 savings of more than \$3.3 million.

### *Section 8 Contract Administration:*

On July 1, 2000, HUD executed a contract with MassHousing to delegate to MassHousing Section 8 contract administration responsibilities. The total activity in this first year was 342 contracts representing 23,498 housing units in Massachusetts. This action is part of HUD's strategy to devolve certain of its functions to the states. An additional 48 contracts were assigned by HUD on July 1, 2001. MassHousing has a proven track record in providing this service to HUD, as seen in its existing

contract administration of 185 such developments accounting for 22,000 units in MassHousing's permanently-financed portfolio.

### **Section 8 Rental Assistance:**

DHCD administers 18,749 units of Section 8 tenant-based rental assistance and 1,550 units of Section 8 Moderate Rehabilitation housing for a total Section 8 portfolio of 20,299 units. In 1998, DHCD issued a Request for Responses (RFR), seeking the services of qualified housing agencies to administer its portfolio of Section 8 subsidies in eleven regions, which cover all cities and towns within the Commonwealth. DHCD used this RFR to articulate its current goals for statewide administration of this program. Its three primary goals include: (1) A family self sufficiency program integrated into multiple aspects of a Section 8 delivery system; (2) a Section 8 program that maximizes housing choice and mobility options for program participants; and (3) a Section 8 program that benefits communities by actively supporting rental property owners and tenants, and assuring fair rent for good quality housing. Eight regional non-profit housing agencies were selected to administer DHCD's Section 8 program, three of which cover two regions apiece. Under Executive Order 285, the Lynn Housing Authority will continue to administer all DHCD Section 8 subsidies used in the city of Lynn, MA.

In 2001, DHCD's Section 8 portfolio increased as follows:

- \$3,980,538 to support 528 Fair Share Vouchers (One Year Authority)
- \$46,350 to support Family Self Sufficiency Staff at each of our eight regional agencies.
- \$741,545 to support 100 additional Family Unification Program (One Year Authority/vouchers).

#### *The Department of Mental Retardation Voucher (DMRV) Program*

In response to a request from the Department of Mental Retardation (DMR), DHCD has set-aside 144 Section 8 vouchers to provide housing opportunities to DMR clients. DMR had recently settled two class action lawsuits, *Rolland v. Cellucci* and *Boulet v. Cellucci*, in which DMR agreed to provide community placements for over 3,000 individuals with mental retardation and developmental disabilities over the next seven years. DMR will provide all program participants with supportive services as needed.

#### *Housing Options Program (HOP):*

Currently provides 345 vouchers to homeless disabled persons. At the request of the participating Commonwealth human service agencies and because of the success of this program, DHCD voluntarily increased the original HUD appropriation of 175 vouchers for this special initiative by an additional 135 vouchers. An additional 100 vouchers have been allocated to the Tenant Based Rental Assistance Program for Persons with AIDS (TBRA AIDS) at the request of the AIDS Bureau. HOP is a collaboration of DHCD and multiple human service agencies including: EOHHS, DMH, DPH (Substance Abuse and AIDS Bureaus), DMR and MRC. Each collaborating agency serves on the HOP Interagency Team (IAT) which meets quarterly to discuss policies, operations, financial issues and to streamline the leasing process. JRI Health, the lead service agency selected by DMH through an RFP process, works with a designated DMH HOP staff person to coordinate the IAT meetings. The subsidies are allocated by disability with preference given to disabled persons in transitional housing and shelters/streets. The allocations of these subsidies changes periodically based on the needs of the disabled groups served, and the service provider's ability to financially support and efficiently use the allocated subsidies

#### *The Department of Mental Health Voucher Program (DMHVP)*

In response to a request from the Department of Mental Health (DMH), DHCD has set-aside 125 Section 8 vouchers to provide housing opportunities to DMH clients. This collaboration is also related

to the Commonwealth's *Olmstead* planning process. DMH will provide all program participants with supportive services as needed.

#### *The Independent Living Program (ILP)*

In response to a request from the Massachusetts Rehabilitation Commission (MRC), DHCD has set-aside (130) Section 8 vouchers to provide housing opportunities to persons with disabilities receiving services from MRC. This collaboration is also related to the Commonwealth's *Olmstead* planning process. MRC will provide all program participants with supportive services as needed.

For more information contact DHCD's Bureau of Federal Rental Assistance programs at (617) 727-7130 ext. 655.

#### **Section 811:**

Since 1992 DPH's AIDS Bureau made several commitments to support a number of applications for supportive residences for people with HIV/AIDS. Among them have been:

1. *The Joy Street Residence*: a 20-unit program of the AIDS Action Committee (AAC) and Rogerson House located in new construction on Beacon Hill in Boston. The AIDS Bureau has a contract with AAC to fund (with state dollars) the supportive services for this program, which opened in 1995. (Note: this project was originally called the "Peter Fanueil House" in its 811 application and in the state's Consolidated Plan in 1995.)

2. *The School Street Community*: a 12-unit program of the Vinfen Corporation located in a rehabilitated structure near the line between Jamaica Plain and Roxbury in Boston. The AIDS Bureau has a contract with Vinfen to fund (with HOPWA dollars) the supportive services for this program, which opened in 1998. (Note: this project was originally called the "Ellen James" project in its 811 application and in the state's Consolidated Plan in 1995.)

3. *The Robert McBride House*: a 16-unit program of Catholic Charities of the Archdiocese of Boston located in new construction in the Fenway, a neighborhood of Boston. The AIDS Bureau has a contract with Catholic Charities to fund (with state dollars) the supportive services for this program, which opened in early 1999. (Note: this project was called "St. Cecilia's AIDS Housing" in its original 811 application.)

The AIDS Bureau will continue to make every effort to assist non-profit agencies that provide AIDS services in their applications for 811 funding in order to facilitate the leveraging of federal funds into Massachusetts for HIV/AIDS housing programs. However, the continuing ability of the AIDS Bureau to make advanced commitments to such applications (contingent on the success of the applications) remains very limited. The AIDS Bureau expects level state funding—or, at best, only modest increases—for its housing programs during the foreseeable future; it continues to expect only limited increases in its annual formula HOPWA grants; and it must plan for possible reductions in funding from other sources, such as McKinney Supportive Housing Program and Shelter Plus Care. Nevertheless, despite such challenges, the AIDS Bureau will continue to assist those agencies that are interested in applying for 811 funding for HIV/AIDS housing programs.

#### **USDA Rural Development**

U.S. Department of Agriculture (USDA) Rural Development mission area was created in 1994 as a result of the USDA reorganization. USDA Rural Development consists of three services: Rural

Housing Service (RHS), Rural Utilities Service (RUS) and the Rural Business Service (RBS). Helping the people of rural America develop sustainable communities and improve their quality of life is the goal mission area.

*Rural Housing Programs:*

RHS programs help finance safe, sanitary housing for rural Americans of low- to moderate-income levels in rural communities with populations of under 20,000. Programs consist of single family homeownership, development of multiple family/elderly rental units, and home improvement for existing homeowners.

There are two (2) types of single-family homeownership loans: direct or guaranteed. The purpose is to provide financing with little or no down payment at favorable rates and terms either through a direct loan from RHS or a guaranteed loan through a private financial institution. For Fiscal Year 2003 (10/1/02-9/30/03), funding levels are as follows:

- Over \$7.7 million will be available for Section 502 direct loans.
- \$25.1 million for Rural Housing guaranteed loans.

Multifamily housing programs (MFH) provide for the development, repair and subsidies of low income rental housing complexes. There are currently seventy-nine elderly and non-elderly apartment complexes representing 2,380 units of subsidized housing. For Fiscal Year 2003 (10/1/02-9/30/03), funding levels are as follows:

- A national allocation of \$65 million in Direct Section 515 funding.
- \$100 million of guaranteed Section 538 Rural Rental Housing loan funds.

Home improvement loans and grants help elderly and low income homeowners remove health and safety hazards, such as failing septic systems, contaminated wells and leaking roofs, to name a few. For Fiscal Year 2003 (10/1/02-9/30/03), funding levels are as follows:

- \$212,000 for Section 504 single-family repair loans and \$250,000 for Section 504 single-family grants.
- Housing Preservation Grant (HPG) funding will also be available in an amount similar to prior year's levels of \$40,000 for use by eligible non-profit organizations and municipal entities to fund a repair or rehabilitation program on a local level.

The MFH and HPG programs are formally announced through a Notice of Funding Availability (NOFA). All of these programs strongly encourage and sometimes require leveraging of funds with other organizations. For example, in 2001 over \$1.8 million in state, local and private funding was leveraged with \$8.9 million of agency funds.

*Community Facilities Program:*

RHS can make direct or guaranteed Community Facility loans and grants in rural towns with a population of up to 20,000. These loans and grants can be used for essential community facilities such as health care clinics, hospitals, municipal facilities, and adult and child day care facilities. Funding may also be provided for fire and rescue vehicles and public safety equipment. Eligibility is available to towns, municipal districts and not for profit organizations. For Fiscal Year 2003 (10/1/02-9/30/03), funding levels are estimated as follows:

- \$2.0 million will be available for direct Community Facilities loans.
- Over \$81,000 will be available for grants.
- Over \$1.3 million will be available for guaranteed loans through local banks.

*Rural Utilities Programs:*

The RUS promotes economic development in rural areas of 10,000 persons or less through the Water and Waste Disposal Loan and Grant Program. Eligible projects include public water and waste water treatment facilities. Funding may also be provided for solid waste management, telecommunications and electrical generating facilities. Eligibility is available to towns, municipal districts and not for profit organizations. For Fiscal Year 2003 (10/1/02-9/30/03), funding levels are estimated as follows:

- \$6.8 million will be available for direct loans.
- \$3.6 million will be available for grants
- Over \$800,000 will be available for guaranteed loans.

*Rural Business Programs:*

The RBS provides guaranteed and direct Business and Industry (B&I) loans to rural businesses located in communities of less than 50,000 persons in order to improve, develop and finance industry and employment. The goal is to improve the economic climate in rural communities. For Fiscal Year 2003 (10/1/02-9/30/03), funding levels are estimated as follows:

- \$5.9 million will be available for guaranteed loans.
- \$500,000 will be available for direct loans.

Rural Business Enterprise Grants (RBEG) are available to public bodies, nonprofit corporations, and federally recognized Indian Tribes to finance and develop small and emerging private business enterprises. For Fiscal Year 2003 (10/1/02-9/30/03), funding levels are estimated \$284,000.

The RBS also provides Cooperative Services, which are available to help rural residents, form new cooperatives and improve the operations of existing cooperatives through loans, grants, technical assistance, research, education, history and statistics.

For more information on any of these programs please contact the USDA Rural Development State Office, 451 West Street-Suite 2, Amherst, MA 01002. Telephone (413) 253-4302, fax (413) 253-4347 or on the web at [www.rurdev.usda.gov/ma](http://www.rurdev.usda.gov/ma).

***Weatherization Assistance Program (WAP)***

Administered by DHCD's Division of Neighborhood Services/Bureau of Energy Programs, this U.S. Department of Energy funded \$6.6 million weatherization effort will provide comprehensive energy conservation retrofit services to an expected 2,758 low-income households. The conservation services provided will reduce the average household's heating cost by 23%. The program year runs from April 1, 2002 to March 31, 2003. For additional information about the program, call the Department of Housing and Community Development, Bureau of Energy Programs at (617) 727-7004.

***Workforce Investment Act***

The Department of Labor and Workforce Development is the lead agency responsible for implementing the federal Workforce Investment Act ("The Act") in Massachusetts. The Department submitted the state's plan, to the U.S. Department of Labor on April 7, 2000. The Act went into effect in July 2000. Since that time, the State Workforce Investment Board has been convened, as have Local Workforce Investment Boards. The Act calls for the integration of workforce development

activities in a comprehensive system, which emphasizes partnering with other state and local agencies to offer universal access to workforce development activities through the one-stop career center initiative. Memoranda of Understanding are being developed and executed in the sixteen regions to clarify and secure the participation at the local level of all relevant agencies.

Coordination between DLWD and DHCD occurs through the participation of a DHCD representative on the State Workforce Investment Board. In addition, DHCD funded programs are represented on local Workforce Investment Boards by inclusion of representatives of housing authority personnel, Community Action Program grantees, or others.

## **(2) State and Other Resources (listed alphabetically)**

### ***The Department of Labor and Workforce Development***

The mission of the Department of Labor and Workforce Development (DLWD), is to enhance the quality of the Commonwealth's workforce by making available new opportunities and training for workers, job seekers, and employers, preventing workplace injuries and illness and providing temporary assistance when employment is interrupted. DLWD is responsible for the implementation of the Workforce Investment Act, which integrates various state and federal programs into a seamless delivery system.

DLWD is also responsible for overseeing the 35 One-Stop Career Centers located across the state in consultation with the Local Workforce Investment Boards as well as the State Workforce Investment Board (SWIB).

The SWIB, co-chaired by Governor Jane Swift and Len Wilson, President and CEO of First Essex Savings Bank, is comprised of members from both the private and public sectors, including Jane Gumble, Director of the Massachusetts Department of Housing and Community Development. The purpose of the SWIB is the development and continuous improvement of the workforce development system in Massachusetts.

For more information, please contact Kim McLaughlin at the Department of Labor and Workforce Development at (617) 727-6573.

### ***Community Economic Development Assistance Corporation (CEDAC)***

#### **Low-Income Housing Production and Preservation**

##### ***Pre-Development Lending and Technical Assistance:***

CEDAC provides pre-development loans and technical assistance services to non-profit developers throughout the Commonwealth of Massachusetts to develop and preserve housing for low- and moderate- income families and individuals. CEDAC has approximately \$10.4 million available in revolving loan funds and credit facilities available to meet the pre-development needs of non-profit developers. CEDAC will make approximately \$5 million available in FY 2003 in high risk, unsecured loans, to about 60 projects, to help non-profit developers cover their pre-development expenses in the period from project start to the closing of the project's construction financing.

In addition, CEDAC also expects to begin its administration of a new private foundation initiative to expand the supply of rental housing available to very low-income families, those who earn less than

30% of median family income. CEDAC expects to have access to between \$10-15 million in new, very low interest rate loan capital for this purpose, and projects that it will make an additional \$ 5 million available to non-profit developers in 2003 from this source.

CEDAC will also continue to provide technical assistance to non-profit developers and municipalities under its technical assistance contract from the HUD HOME program, aimed at providing technical assistance services and pass-through financial assistance to Community Housing Development Organizations (CHDOs).

*Acquisition Loan Program:*

In 2003 CEDAC will also continue its Acquisition Loan Program (ALP). The ALP provides non-profit developers with first mortgage loans to allow non-profits to acquire key strategic properties in their neighborhood, which would otherwise be lost as opportunities for creating new low-income housing. CEDAC projects that it will make between 6-8 loans, totaling about \$2.0 million, in FY 2003 from the ALP.

*Housing Innovations Fund and Facilities Consolidation Fund:*

CEDAC will also continue to work with the Department of Housing and Community Development (DHCD) to underwrite the Housing Innovations Fund (HIF) and the Facilities Consolidation Fund (FCF) loan programs to create new housing opportunities for homeless families and individuals, and for people with various disabilities. DHCD projects that approximately \$10 million in HIF loans and \$2.5 million in FCF capital will be available to support these program objectives.

*Preservation Policy Development:*

In addition, CEDAC will continue its extensive and nationally-recognized work with HUD on the preservation of existing multi-family housing for low-income families. CEDAC will focus on working with resident groups to select their joint venture partners for long-term ownership and management this year. CEDAC focuses its policy and program efforts on the preservation of Section 8- assisted rental housing, and other federally-assisted stock, which requires capital infusions to upgrade and preserve it.

*Child Care Capital Investment Fund:*

CEDAC's affiliate entity, the Child Care Capital Investment Fund (the FUND), provides loan and grant capital, and couples its financial resources with technical assistance, to help non-profit child care centers expand and improve their facilities. Quality child care services, for both pre-school age children and for after-school care, are vital for the educational and social development of the children in those programs.

Since its inception, the FUND has lent \$5.6 million to more than 46 non-profit centers, enabling the expansion or improvement of more than 2,770 slots of child care, more than 67% of which serve very low-income families. In partnership with the Commonwealth's Department of Education (DOE), the 0-8 Coalition, and Parents United for Child Care, the FUND has also invested more than \$8.2 million of grant capital, in tandem with the FUND's loans, to provide a consolidated funding mechanism for the child care industry.

*Workforce Development Initiative:*

CEDAC's Workforce Development Initiative (WDI) seeks to increase the capacity of participating community development corporations (CDCs) to deliver effective education, training, and employment services to their constituents. The WDI emerged from work started four years ago by CDCs, CEDAC, and the Massachusetts Association of CDCs (MACDC) to bolster the effectiveness of CDCs'



economic development activities that generate income and employment for their low-income constituents. The WDI is currently working with sixteen CDCs, about half of which are located in Boston. WDI's objectives are to support:

- focused strategic thinking by CDCs about whether, and how, to engage in workforce development programming;
- growth of CDCs' service delivery capacity; and
- positive change in service quality and participant outcomes from CDC programming.

*Capacity Building Coalition:*

CEDAC's most recent workforce development program brings together four of the major associations of community-based organizations statewide in the areas of education, training, and employment services. The Capacity Building Coalition (CBC) is comprised of the Massachusetts Association of Community Development Corporations (MACDC), the Massachusetts Community Action Program Directors' Association (MassCAP), the Boston Workforce Development Coalition (BWDC), and the Job Training Alliance (JTA), with CEDAC as the program delivery agent. Together, these associations represent over 150 organizations, among them the leading CBOs delivering workforce development services in Massachusetts.

The goals of the CBC are to:

- build the organizational and programmatic effectiveness of community-based organizations in providing education, training, and employment services;
- strengthen staff skills and capacity to provide quality workforce development programs; and
- increase networking, sharing of information, and collaboration, especially among frontline staff.

For more information on CEDAC, contact Michael Gondek at (617) 727-5944

***Department of Environmental Protection (DEP)***

The state's Department of Environmental Protection, in conjunction with the Massachusetts Water Pollution Abatement Trust, administers the State Revolving Funds (SRF) for water pollution abatement projects and drinking water protection projects. The assistance takes the form of low interest loans. The interest rate for projects approved in calendar year 2003 will be 2%.

*The Clean Water SRF:*

The Clean Water SRF provides financial assistance for the planning, design, and construction of water pollution abatement projects that will assist municipalities in complying with federal and state water quality requirements. Eligible activities include: wastewater treatment facilities (construction and upgrade), infiltration/inflow correction, wastewater collection systems, control of combined sewer overflows, community programs for upgrading septic systems, storm water remediation, and land acquisition. In recent years the program has operated with \$150 to \$200 million per year, financing 40 to 50 projects annually. Communities must apply and be rated by DEP on a priority ranking system, which emphasizes demonstrable water quality benefits, elimination or mitigation of public health risks, and achieving or maintaining compliance with water pollution control requirements.

*The Drinking Water SRF:*

The Drinking Water SRF provides assistance to Public Water Suppliers for construction of projects needed to maintain compliance or further the public health goals and requirements of the state

drinking water regulations and the federal Safe Drinking Water Act. Eligible activities include the construction or upgrade of drinking water treatment facilities, replacement of aging transmission and distribution pipes to prevent contamination, construction and rehabilitation of standpipes, and projects to rehabilitate or develop water sources to replace contaminated sources. This program currently operates at a level of approximately \$100 million per year, financing 20 to 25 projects annually. Public Water Suppliers must apply and be rated by DEP on a priority ranking system that assesses the severity of the public health risks to be mitigated and the effectiveness of the project in achieving or maintaining compliance with state and federal drinking water requirements.

For additional information, contact Steven McCurdy, Deputy Director, DEP Division of Municipal Services at (617) 292-5779.

### ***Department of Housing and Community Development (DHCD)***

#### ***Alternative Housing Voucher Program: (Chapter 179 of the Acts of 1995) :***

In an effort to proportionately allocate units to both elderly and non-elderly disabled persons living in elderly/disabled public housing, Chapter 179 established an 86.5% priority in placement for elderly and 13.5% priority in placement for non-elderly disabled in state-aided elderly/disabled public housing. These ratios were determined by census information concerning the low-income status of these populations.

A key component for successful implementation of this plan is the Alternative Housing Voucher Program (AHVP), which provides transitional rental assistance for eligible and qualified non-elderly low-income handicapped individuals currently living in, or on a waiting list for, state-aided elderly public housing. Eligibility for the program is identical to the eligibility criteria for the state's Chapter 667 elderly/disabled housing. All AHVP vouchers are mobile and may be used throughout the state. This program was allocated \$3 million in FY 2003, which will serve approximately 800 people.

Like the larger Massachusetts Rental Voucher Program, (MRVP) the AHVP is administered by Local Housing Authorities. However, the tenant rent share is calculated in the same manner as in the Chapter 667 Program - either 25% or 30% of adjusted income, depending on whether heat is included in the rent.

#### ***Capital Improvement and Preservation Fund:***

The Capital Improvement and Preservation Fund (CIP) is intended to help preserve and improve existing privately-owned, state or federally assisted housing developments that are threatened by prepayment and the loss of affordability (including the expiration of project-based rental assistance). The fund also is intended to support projects that reserve a minimum of 50% of the units for households earning 80% or less of area median income levels and of which 10% of the units are reserved for households earning 50% or less of area median. In federal FY 2003, DHCD expects to make approximately \$3.3 million available in CIP funding to preserve approximately 165 units.

In order to be considered for CIP prepayment funds, projects must meet all the following threshold criteria:

- A project sponsor must submit a notice of intent to apply for funds to DHCD, which must contain evidence that the project is at risk because the prepayment of an existing mortgage will result in a significant loss of affordable units.
- A project sponsor must demonstrate to DHCD that the community in which the project is located is willing to participate in the financial structuring of a proposal to preserve affordability.

If DHCD determines that a project meets these two threshold criteria, it will accept a full application for the project sponsor for CIP funds.

Depending on the availability of funds, in certain circumstances, the Department will accept CIP applications from sponsors purchasing occupied projects with substantial capital needs. The projects must be located in communities where the need to preserve the affordability of the occupied units has been documented. Additional criteria also will apply.

*Community Assistance:*

The Department of Housing and Community Development provides technical assistance to communities on planning, zoning, subdivision control, regional planning, growth management and, local government organization. Approximately 150 requests are responded to each month. The staff also writes and distributes informational materials and publications, and participates in training programs and workshops serving municipal staff and officials. DHCD also has specific programs regarding economic development which include urban redevelopment corporations, created under chapter 121A of the General Laws, redevelopment authorities and urban revitalization development grants (URDG) established under MGL chapter 121B, and economic development and industrial corporations (EDIC) established under MGL chapter 121C. The director of DHCD also co-chairs the state's Economic Assistance Coordinating Council. Two particularly important technical assistance initiatives are:

Citizen Planner Training Collaborative (CPTC): DHCD continues its efforts to improve training opportunities for planning and land use board members through the Collaborative which is composed of DHCD, University of Massachusetts, the Massachusetts Federation of Planning and Appeals Boards, Massachusetts Association of Regional Planning Agencies, the American Planning Association (Massachusetts chapter), and the Massachusetts Association of Planning Directors. The Collaborative makes training available on a regular basis, including both introductory courses for new board members and specialized sessions for the more experienced board members.

Massachusetts Downtown Initiative (MDI): DHCD's downtown assistance efforts are designed to foster downtown revitalization as an integral part of community development. In order to meet diverse needs, the Initiative will provide several services: 1) direct technical assistance to approximately ten communities, including site visits and a community report with follow-up recommendations; 2) a comprehensive Web site which addresses topics such as forming a downtown organization, adopting design guidelines, and undertaking a facade restoration effort, and; 3) publications such as a newsletter and a guide to resources available for downtown revitalization activities. For more information on all of the municipal topics, call the DHCD at (617) 727-7001.

*Community Development Action Grants (CDAG):*

The CDAG program provides public infrastructure support in instances where private investment would not occur except for the CDAG contribution. DHCD expects to spend approximately \$7 million to fund CDAG projects in state FY 2003. CDAG's goal is to stimulate economic development activities that will attract and leverage private investment, create or retain long-term employment, and revitalize distressed areas. The program is funded through state bonds and is administered by DHCD. All cities and towns in the Commonwealth are eligible. Contact the Department of Housing and Community and Development at (617) 727-7001 for more information.

*Community Enterprise Economic Development Program (CEED)*

This program empowers residents, revitalizes neighborhoods and eliminates blight in targeted neighborhoods throughout the Commonwealth. DHCD awards funds to 45 selected community development corporations (CDCs) which administer programs in economically depressed urban and rural neighborhoods, linking projects and activities designed for economic development with other services such as affordable rental and homeownership opportunities, job creation, youth development, neighborhood crime prevention, public safety, welfare reform and efforts that further promote economic

self-sufficiency. CEED funding of \$1 million is available for FY 2003 to assist participating organizations in developing and implementing projects, which enhance or create self-sufficiency opportunities for low-income families and individuals. Information regarding the CEED program can be obtained by calling the Department of Housing and Community Development/Bureau of Neighborhoods at (617) 727-7004.

*Facilities Consolidation Fund (FCF):*

FCF addresses the needs of clients of the Departments of Mental Health and Mental Retardation who reside in institutions or are underserved, as well as the mentally ill homeless. Funds are to be used for deferred mortgage loans to cover a maximum of 50% of the total development cost of housing projects. Since 1993, DHCD has committed over \$22 million to projects with nearly 900 community-based units in place. FCF is a multi-agency program involving the Department of Housing and Community Development (DHCD), the Executive Office of Health and Human Services (EOHHS), the Department of Mental Health (DMH), the Department of Mental Retardation (DMR), and the Division of Capital Asset Management and Maintenance (DCAMM). The legislature appropriated \$6.6 million for this program in FY 2003. For more information, please call the Department of Housing and Community Development at (617) 727-7824.

*Housing Assistance Program (HAP):*

Funded by Department of Transitional Assistance, HAP provides a housing search for families that is designed to ensure that families who are in a housing crisis situation are able to secure and retain permanent housing. Implementation includes pursuing an aggressive housing placement program, mediation, landlord/tenant dispute resolution, involvement of diverse community resources, and training in money management. In FY 2003, HAP will utilize \$9.6 million for prevention of homelessness and housing searches.

*Housing Consumer Education Centers (HCEC):*

The Housing Consumer Education Initiative (HCEC) was established by the Massachusetts State Legislature in FY 2001 to provide information and services for housing consumers and providers in obtaining tenancies, and to reduce the incidence of homelessness and displacement through the preservation of tenancies. HCEC funding of \$1 million is available for FY 2003.

The HCEC initiative supports regional delivery of non-duplicative housing information and assistance services throughout the Commonwealth.

HCEC services are targeted to non-Department of Transitional Assistance (DTA) eligible housing consumers, which include: tenants, homeowners, rental property owners, and potential tenants and homebuyers. Services will be made available to individuals and families whose income level remains 130% or above the established poverty threshold, as determined and published annually by the U.S. Office of Management and Budget (OMB).

The network of HCEC providers established by the initiative will educate families and individuals, through information and referral services, on how to acquire the necessary tools to access appropriate services to meet their specific housing needs and to encourage people to become or remain self-sufficient. Each HCEC will provide services including, but not limited to:

- Training on issues effecting housing (e.g. landlord/tenants rights and responsibilities; lead paint; code violations; homebuyers education/ mortgage assistance programs; housing search strategies, etc.)
- Education concerning housing issues
- Mediation/negotiation assistance
- Inter (and intra) region coordination and referral
- Outreach
- Other programs designed to meet specific or unique housing needs in the nine program

regions.

For more information please call the Division of Neighborhood Services at (617) 727-7004.

*Housing Innovations Fund (HIF):*

HIF funds provide deferred mortgage loans to cover a maximum of 50% or \$500,000 of the total development cost of supportive housing projects. A minimum of 50% of the units in HIF-financed projects must serve low-income persons. In FY 2002, DHCD committed \$4 million in HIF funds to 9 projects with a total of 218 units. With the passage of a new Housing Bond Bill authorizing an additional \$35 million for a HIF IV program, DHCD is expected to commit \$10 million in loans in FY 2003. For more information, please call the Department of Housing and Community Development at (617) 727-7824.

*Housing Stabilization Fund (HSF):*

In federal FY 2003, DHCD expects to make approximately \$16.3 million available in Housing Stabilization funding to acquire, preserve and rehabilitate approximately 326 units of housing. This program emphasizes strong community involvement in the design and implementation of efforts that will respond to local priorities for neighborhood improvement and reinvestment. This program also specifically targets the production or preservation of housing for people age 60 and over and for families and individuals with incomes at or below 30% of area median.

Eligible applicants for HSF are municipal entities, and for-profit or non-profit developers. (In some circumstances, local housing authorities may be able to apply in partnership with municipalities). The chief elected local official must sign each application for HSF. The minimum project size is five (5) units.

The maximum amount of HSF available per application is \$750,000. The maximum amount available per affordable unit is \$50,000 in HOME entitlement/consortium communities. In non-entitlement or non-consortium communities, the maximum loan is up to \$65,000 per HSF-assisted unit. Applications seeking smaller amounts are strongly encouraged and may be more competitive.

Applicants may seek HSF either as a single public source or in combination with other public funds, such as Low-Income Housing Tax Credits, Community Development Block Grant funds, local HOME funds, etc. Applicants may not seek HSF in combination with DHCD HOME funds. If HSF monies are sought in combination with other state subsidies, certain limits will apply. Applications for projects located in municipalities that receive HOME funds directly from HUD must include matching funds as a funding source for the project.

DHCD intends to make up to \$2 million of the \$16.3 million of Housing Stabilization funding to assist suburban cities and towns in facilitating the new production of affordable rental properties through the Suburban Rental Development Pilot Production Program. The pilot program will provide intensive technical assistance from the Massachusetts Housing Partnership Fund (MHP), pre-development funding through DHCD and MHP and permanent financing from DHCD and MHP. The community also must contribute to the project, but no additional capital subsidy sources will be permitted.

*Individual Self-Sufficiency Initiative (ISSI)*

The Individual Self Sufficiency Initiative program is administered throughout the Commonwealth by nine (9) Regional Non-Profit Housing Agencies. This innovative housing program assists homeless individuals transition to permanent housing and is comprised of two components: Resource Model and Development.

The Resource Model provides a homeless individual who has located a housing unit with financial assistance for such payments as a security deposit, first month's rent, payment for a utility arrearage,

moving costs and a small monthly stipend for the payment of rent. To be eligible for the ISSI, an individual must be homeless at the time of application and be employed or participating in a vocational or employment training program. The maximum eligibility income is 80% of the area median and the maximum length of participation is twelve (12) months.

The Development Model provides non-profit and private property owners with financial assistance for the development of housing units that will be occupied by ISSI eligible individuals.

Since implementation of the program in fiscal year 2000, over 1200 individuals have been served under the Resource Model, and 122 units have been developed under the Development Model. In FY 2003 ISSI was allocated \$667,230 to maintain previous funding commitments, however no new commitments are anticipated for FY 2003.

For further information on the ISSI, please contact the Department of Housing and Community Development at (617) 727-7130 ext. 655.

*Interest Subsidy Program for Rental Developments (13A):*

The Commonwealth will invest \$7,094,760 in 2003 in continuing support of approximately 6,873 moderate rental units located in 67 developments throughout the Commonwealth. 13A funds are provided in the form of interest subsidies to the projects. No new 13A commitments will be issued during FY 2003. For more information, please call the Department of Housing and Community Development at (617) 727-7824.

*Local Initiative Program (LIP):*

During FY 2002, DHCD approved 10 LIP projects with a total of 389 units 166 affordable units. DHCD expects the same level of participation in FY2003 as it experienced in FY 2002. LIP provides technical assistance to support the development of affordable housing. The program gives cities and towns flexibility in their efforts to provide low- and moderate-income housing. Affordable units in LIP homeownership projects must be sold to households at or below 80% of area median income. All low- and moderate-income units developed through the Local Initiative Program are credited to the community's stock of low- and moderate income housing for purposes of Chapter 40B - the Subsidized Housing Inventory. For more information please contact DHCD at (617) 727-7824.

*Low Income Sewer and Water Assistance Program :*

Chapter 151 of the Acts of 1996 created a Low-Income Sewer and Water Assistance Program. The program provides assistance to low-income homeowners with total household incomes at or below 200% of federal poverty guidelines. Eligible homeowners can receive assistance up to 25% of their annual sewer/water costs, up to \$200. DHCD administers the program in conjunction with its Low-Income Home Energy Assistance Program. This program was not funded in FY 2003. For more information, please contact the Department of Housing and Community Development at (617) 727-7004.

*Massachusetts Rental Voucher Program (MRVP):*

During FY 2003, the Commonwealth allocated \$26.6 million for the MRVP program. The MRVP is administered on the local level by over 140 local housing agencies and remains one of the largest state-financed rental programs in the nation. Currently, there are over 7,800 MRVP subsidies under contract with local housing agencies. An MRVP applicant's net household income must be at or below 200% of the federal poverty level. Households eligible for the MRVP receive either a project based voucher or mobile voucher.

- A project-based voucher allows an eligible household to live in a unit (the subsidy is attached to the unit/development). If the household in such a unit chooses to relocate, the subsidy remains with the unit, and another eligible household is referred for occupancy. Project based

vouchers allow the participating household to receive a subsidy based on a fixed percentage of household income (35% if the unit rent includes heat, 30% if the heat is not included).

- A mobile voucher is attached to a participant, rather than a specific unit, and allows the holder to live in private leased housing anywhere in the Commonwealth. A voucher's value depends on geographic location, income level, and household size, with the subsidy paid directly to the owner by the housing/agency; the household pays the difference between the voucher value and the rent charged for the property.

For more information, please contact the Department of Housing and Community Development at (617) 727-7130.

*Neighborhood Housing Services (NHS):*

NHS assists local residents, and public and private sector institutions and organizations in reinvesting in distressed urban neighborhoods, and rehabilitate affordable housing for low-moderate income households. The NHS program promotes neighborhood revitalization through partnerships with neighborhood residents, local officials, members of the banking and business communities, and state government. Since its inception in 1982, the NHS program has provided millions of dollars in low-interest loans to homeowners to undertake rehabilitation projects. As a result, the NHS program has been able to mitigate blight and reverse decline in neighborhoods suffering from disinvestment. For more information, call the Department of Housing and Community Development/Bureau of Neighborhoods at (617) 727-7004.

*Peer to Peer Program:*

This is a technical assistance program for non-entitlement communities, which links the expertise of local officials to their peers in cities and towns on a project specific basis. A community with a specific need is matched with a local official from a community who has the relevant experience. The agency anticipates funding up to 12 projects in FY 2003.

*Public Housing Operations:*

DHCD will continue to oversee 248 housing authorities operating approximately 50,000 units of state-aided public housing in Massachusetts. The Commonwealth subsidizes local housing authorities whose revenues are insufficient to pay operating expenses for their state portfolios, with administration and oversight provided by DHCD. In state FY 2003, \$29.5 million was appropriated for these subsidies.

*Public Housing Modernization and Development:*

DHCD will spend approximately \$57.5 million in FY 2003 on about 400 capital improvement projects directly related to maintaining the health and safety of residents, modernizing and preserving the state's portfolio of affordable, public housing.

In FY 2003, DHCD will also allocate \$4.5 million for new construction activities.

*Public Housing for Special Populations:*

DHCD has established collaborative working relationships with state social service agencies serving disabled clientele. Through these efforts, DHCD has helped forge strong links between housing authorities and local service providers that benefit public housing tenants. In light of the demographic and policy trends of the 1990s, this integrated team approach to housing and services is essential.

To serve the increasing number of senior citizens that are "aging in place" in public housing, Massachusetts has developed the Supportive Senior Housing Initiative, which brings some of the benefits of assisted living developments to the residents of state-funded elderly public housing. Jointly developed by DHCD and the Executive Office of Elder Affairs, the program helps seniors to

“age in place” by providing access to supportive services on-site and round-the-clock supportive staff presence at their housing developments.

As of June 2002, there were supportive housing sites in 22 communities, containing 3,043 units of state-aided housing throughout the state. To date, the program has been very well received by LHAs and their constituents.

DHCD continues to have an on-going dialogue with the Department of Mental Health (DMH) around the operation of the more than 65 developments exclusively serving DMH consumers. Issues around rent structure, property up keep and improvements, and changing service models are all being reviewed in an effort to better serve residents of these c.689/c.167 developments.

In addition, housing authorities continue to play a role in serving the growing number of persons with HIV/AIDS. Housing authorities will also continue to be involved in plans and programs to address homelessness. Since many disabled people prefer to receive services in their homes, DHCD will continue to support housing authority/human service provider collaboration to address the array of issues and concerns facing public housing tenants. For more information, please contact the Department of Housing and Community Development at (617) 727-7130.

*Rental Housing Development Action Loan Program (RDAL):*

During FY 2003, the Commonwealth also will invest approximately \$1,724,138 for continued support of affordable units in mixed-income RDAL projects. RDAL funds are provided in the form of operating subsidies to the projects, which include a high percentage of affordable units. No new RDAL commitments will be issued. For more information, please call the Department of Housing and Community Development at (617) 727-7824.

*The Scattered Site Transitional Apartment Programs (SSTAP and SSTAP II/START)*

Advocates for battered women and their children as well as advocates for the homeless and the Department of Social Services, (DSS) identify transitional housing as one of the greatest needs in helping families who are displaced by domestic violence. The Scattered Site Transitional Apartment Programs (SSTAP and SSTAP II/START) helps fill this need by providing families with a safe, stable temporary living environment.

DHCD and DSS implement and oversee the activities of the SSTAP and the SSTAP II/START programs. Respectively, these programs have 39 and 36, three and two bedroom, scattered site transitional housing apartments, for victims of domestic violence and their children. The SSTAP and SSTAP II/START programs are administered through four regional housing agencies.

Participation in SSTAP and SSTAP II/START provides victims of domestic violence with the time needed to develop stronger ties with their children, enhance coping and problem solving skills, strengthen and repair the part of their lives that have been impacted by domestic violence. Families participating in these programs receive intensive case management, housing search and supportive services. The goals of the programs is to provide support and opportunities to families for a sufficient period of time so that they will be able to transition into permanent housing and stable living situations. Families may remain in the programs up to 24 months.

For FY 2003, SSTAP has a budget of \$637,672, funded through HUD McKinney-Vento grant funds, which represents 8 months of funding (through February 28, 2003). The state FY 2003 budget for SSTAP II/START is \$1,000,000.

*Soft Second Loan Program:*



The DHCD/Massachusetts Housing Partnership Fund (MHP) Soft Second Loan Program is a joint initiative of the public and private sectors to help eligible buyers purchase their first homes. During FY2003, DHCD and MHP expect to invest \$4 million in state funds to support Soft Second loans. The program is established at the local level with potential buyers working with participating lenders and local officials to determine their eligibility. The program combines a conventional first mortgage with a subsidized second mortgage to help low- and moderate-income households qualify for a mortgage and purchase a home for the first time. For more information please contact the MHP fund at (617) 338-7868.

*State Housing Assistance for Rental Production (SHARP):*

During FY 2003, the Commonwealth will continue to provide \$14,432,625 in mortgage interest subsidies to support approximately 4,100 affordable units located in 82 SHARP projects throughout Massachusetts. No new SHARP funding commitments will be issued. For more information, please call the Department of Housing and Community Development at (617) 727-7824.

***Department of Mental Health (DMH)***

DMH currently invests over \$208 million of its annual state budget in a range of residential services and housing programs for adults, children and adolescents residing in over 6,400 units of community-based housing statewide. The Department also operates a comprehensive \$22.2 million program of services and housing assistance to persons recovering from homelessness and mental illness.

In FY 2003, the Department will continue its efforts to secure additional housing resources through legislative appropriations and external state and federal housing programs, to expand, de-congregate, and reconfigure its existing housing stock to better serve client needs. During the past year DMH has been a key participant in the Olmstead Subcommittee on Housing working with DHCD and a range of service agencies to expand opportunities for people with disabilities.

DMH will continue to collaborate with DHCD along with the local community-based housing organizations to access HUD and other housing development funding and rental subsidy programs for clients. DMH and its vendors will participate in the local Continuums of Care to secure housing for homeless through McKinney-Vento funding. DMH clients are overwhelmingly low-income and require affordable housing of all types and settings.

DMH will as part of a new initiative to foster community-based services fund Program of Assertive Community Treatment (PACT) teams in locations around the state. These multi-disciplinary teams of professions will be available 24 hrs, 7 days a week to provide highly individualized services directly to clients. Services will be delivered in clients' homes allowing for earlier interventions and more appropriate response to clients who may be in the early stages of a psychiatric episode. This delivery model further supports integration of clients into affordable housing settings.

In FY 2003, DMH's affordable housing development efforts will continue to be guided by the housing task groups and reports sponsored by the Secretary of Administration and Finance, into which DMH had significant input. DMH will also continue to follow up on the recommendations of a report by the Citizen's Housing and Planning Agency (CHAPA), which analyzed DMH's housing-related operations and made a series of recommendations, including joint DMH-DHCD initiatives that should be pursued to expand housing opportunities for DMH clients.

*DMH Housing Staff:*

DMH Central Office currently maintains a housing staff in its Community Systems Division. Among other things, the Division promotes housing supply efforts to support DMH's locally administered discharge planning process, and to achieve other DMH housing goals. All DMH Areas sponsored "housing roundtables" in conjunction with the Citizen's Housing and Planning Association. The roundtables provided an excellent forum for taking stock of the housing supply available to DMH clients in the various Areas, to focus on client needs as reflected in DMH's waitlists, and to identify strategies for the immediate future whereby the Area can address developing and/or accessing more housing in the market. The roundtables also raised housing asset management issues and the need to continue to build bridges with PHAs.

The Central Office housing function is carried out in conjunction with Area Housing Coordinators in each of DMH's six Area Offices. These two groups meet every month, and regularly as sub-groups on specific projects or issues. They maintain a major focus on homelessness prevention.

Each Area Housing Coordinator is integrally tied to its Area's discharge planning process. They not only strive to develop housing options that can be accessed by case managers for their clients, but they also identify housing options for clients to move to as they progress with recovery.

The Community Systems Division and Area Housing Coordinators manage a variety of other initiatives related to the Department's community-based services system, including aggregate needs assessments, services wait lists, federal grants management, program evaluation, technical assistance and training, interagency relations, etc.

Most DMH clients are low-income and usually require subsidized housing if they do not require a structured residential program and/or cannot live with their families. Striving to place very low-income clients that are ready to leave hospitals into housing through appropriate discharge planning is a key DMH objective. It has been an integral part of the Department's efforts to build and support a formal community-based Residential Services System. Expanding the residential system through local collaboration, for both adults and children, is a major thrust of DMH activity for FY 2003. Because DMH did not receive expected new state appropriations in FY2002 to support on-going expansion; the challenge in FY2003 is to leverage relationships, seek common interests and aggressively pursue every possible resource to try and meet the growing demand.

In recent years, DMH has collaborated with partner agencies in the housing community to identify available housing resources, and to assist with the submission of applications for federal and state housing grant funds. The system that has evolved includes a significant component for those clients experiencing homelessness as well as mental illness. Accordingly, the Department, its providers, and local housing partners have been very active in pursuing the range of HUD funding, including McKinney-Vento homeless assistance funds.

#### *Discharge Planning:*

DMH has long adhered to an inpatient discharge planning policy, which includes housing search explicitly aimed at preventing homelessness. The policy prohibits DMH state hospitals and community mental health centers from electing to discharge clients from inpatient units with directions to seek housing or shelter in an emergency shelter. It directs staff to make every effort to place clients in suitable, affordable housing coupled with clinically appropriate services. The discharge planning process will continue to be a focal point of DMH's housing operation.

Based on their needs and placement opportunities, most clients in DMH's inpatient facilities are discharged to one of a wide variety of transitional or permanent residential placement programs, operated by providers under contract with DMH. These include: group homes, defined as shared living for four or more persons with staff available up to 24 hours a day; staffed and non-staffed

apartments for three or fewer persons; single room occupancy units, and; individual apartments.

If housing with services cannot be identified when a DMH client is no longer in need of hospitalization, DMH does not allow its hospitals to discharge the person unless the patient exercises his/her legal right to leave the facility. DMH cannot legally hold a client in its inpatient system that is no longer able to be committed and who refuses to remain in the hospital pending location of a housing placement. However, many clients do elect to remain hospitalized pending a suitable housing and services arrangement in the community.

*Residential Services and Housing:*

As of the end of state FY 2002, the Massachusetts Department of Mental Health had over 6,400 supported housing beds in its residential services and housing system: of these beds, 2,994 are located in group homes and 3,262 are in independent living settings in the private housing market. An additional 144 beds are located in DMH transitional psychiatric housing/shelters in Metro Boston. Also, about 1,000 additional clients reside in housing affiliated with DMH but do not receive formal Residential Services. Instead they may receive other DMH services.

DMH and DHCD will continue to jointly administer the special DMH rental assistance program. The critical challenge for FY2003 will be to effectively address the \$1.1M cut in funding to this program. DHCD has stepped up and make a significant offer of Choice Vouchers to avoid clients from losing their housing and becoming homeless. These efforts are currently underway and should result in saving the tenancies of about 300 clients. The existing rental assistance program will continue but at a reduced funding level of \$2M.

DMH will continue to work with DHCD on management and development issues related to Ch. 689/167 Special Needs Housing with a capacity of over 600 beds. This past year DHCD accepted recommendations on improving asset management of the c.689/167 program, such as supporting joint inspections, and is continuing to look at how to implement these changes. Future discussions regarding the c.689/167 program include looking at funding of individual units within larger developments that better respond to the current needs of DMH clients.

The Facilities Consolidation Fund administered by DHCD is a significant capital program for development of innovative housing having financed \$11M in affordable housing for DMH clients through FY2002. CEDAC and DHCD this past year revised the procedures for FCF projects and adopted a Pre-Application that has improved communication and management of the loan program. These were raised conceptually in the CHAPA report. DHCD has met several times to discuss the recommendations and are reviewing the legal questions associated with the changes. Some of the refinements DMH seeks may require legislative changes.

DMH will continue to improve the coordination of services to DMH consumers living in public and assisted housing units. One goal is to prevent unnecessary or unwarranted evictions. DMH Area Offices will continue to reach out to the housing community to establish service linkages and understandings with local housing authorities and with managers of private housing receiving financial assistance through MassHousing. The Set-aside Housing Program with MassHousing continues to serve over 400 clients and represents a model for creating independent housing.

DMH will also continue to collaborate with MassHousing, DHCD and other agencies on the Tenancy Preservation Program, which in FY2003 will expand to three locations serving Springfield, Boston and Brockton. The TPP is an interagency effort with the courts system and DPH in these cities aimed at preventing evictions and homelessness. The program intervenes in cases where residents are experiencing tenancy problems before they result in formal eviction proceedings.

DMH awarded grants to six clubhouses from across the state to support housing search and development activities beginning in FY2003 valued at over \$300,000 to serve their members.

*DMH Homeless Initiative:*

Since state fiscal year 1992, DMH has operated a Special Homeless Initiative. This \$22.2 million program serves as a major resource to provide housing and services to DMH clients that are living in shelter or on the streets. Unfortunately in FY2003 the program is level funded and is not expected to leverage new housing but will maintain the current housing programs.

DMH Homeless Initiative funds are used primarily to provide clinical and residential services to homeless individuals, and to leverage over \$73 million federal and other housing resources to fund development of, or access to, housing units. Since state fiscal year 1992 through the end of state fiscal year 2002, DMH has developed or gained access to more than 1,200 new units of housing, and placed over 2,400 homeless persons into new or existing housing units with support services. It has provided a range of community-based services, such as first aid, counseling, referral, and case management to a total of 8,400 homeless individuals (not an unduplicated count).

Homeless Initiative funds also are used to support DMH's outreach programs. Members of outreach teams in selected communities across the state undertake active street work, ride in medical vans and visit emergency shelters. Physicians from affiliated agencies are available to provide medical care to homeless individuals who will not come in to a center or shelter for treatment.

*Aggressive Treatment and Relapse Prevention Program (ATARP):*

DMH and the Department of Public Health (DPH) will continue operating a statewide housing and services program called the Aggressive Treatment and Relapse Prevention program (ATARP). Originally funded at \$2.4 million over three years, the program was awarded another 3-year McKinney-Vento grant by HUD of \$1.98M in FY2002. DPH and DMH each make significant cash contributions raising the total budget to \$3.0M. The program served 62 single adults, 10 adults in families and 17 children in FY2002.

Homeless Outreach

*PATH Program:*

In FY 2003 DMH will continue to operate its PATH program of comprehensive outreach, primarily to shelters, to find individuals with mental illness who are homeless and engage them in services or referrals. The program will be expanded in the various parts of the state. PATH is supported by federal funding from the Projects for Assistance in Transition from Homelessness (PATH) grant program from the Center for Mental Health Services. Under the grant clinical social workers go into adult homeless shelters to identify people with serious mental illness and provide them with direct care, housing search and advocacy, and referrals. The referrals are to such programs as job training, literacy education, mental health services, substance abuse treatment, and benefits and entitlements. Adults and older adolescents in need of mental health services are referred to DMH for eligibility assessment and, if they meet the eligibility criteria, for enrollment in DMH continuing care services. In FY 2001, PATH clinicians screened 3,737 individuals (an unduplicated count). Of that number 950 were enrolled as PATH clients and referred to a range of services.

The PATH outreach effort in FY 2003 will continue to be augmented by DMH's Homeless Outreach Team (HOT) program in Boston, and by a HUD McKinney grant available to DMH through the Executive Office of Health and Human Services (EOHHS): the Aggressive Street Outreach program.

*Homeless Outreach Team (HOT):*

DMH's HOT initiative has been in existence for 15 years in the Metro Boston Area, which has the highest incidence of homelessness in the state. It is staffed by 11.5 FTE clinicians/homeless

specialists whose primary objective is to find homeless persons with mental illness, who are or could be eligible for DMH services, and encourage them to accept assistance from the Department and/or other appropriate sources.

HOT works on the streets and other public places where homeless individuals may be found. It also visits each shelter on a regularly scheduled basis. The team brokers for and advocates on behalf of homeless mentally ill persons by connecting them to specialized medical and psychiatric services, available substance abuse treatment, and DMH housing and residential services opportunities. Team members accept referrals from the shelters of mentally ill individuals for assessment, referrals to DMH's network of mental health centers, and placement into the Department's transitional housing/shelters for the homeless. They also provide medical assistance, ongoing support, and counseling to homeless individuals not ready for, or not accepting of, more formal DMH services.

HOT also serves homeless persons on an office walk-in basis, providing information and supports upon request and linking them to DMH and other resources.

In addition to finding clients through outreach, walk-ins, and referrals from shelters, HOT receives referrals from many sources including private hospitals, courts, correctional facilities, and detox units. The Team works with DMH inpatient units and maintains a liaison with private hospital inpatient units. It is notified of difficult-case homeless admissions and discharges. It often assists in their disposition.

HOT is notified by hospital inpatient units and DMH residential programs when patients walk away or are absent without authorization, so that they may be found and attempts to reconnect them to the system can be made.

*Aggressive Street Outreach/Mobile Homeless Outreach Team:*

In state fiscal year 2001 the Aggressive Street Outreach program reached and worked with 575 unduplicated homeless persons in selected towns across the state. The program made 491 referrals to a range of services. Numbers for FY2002 are just coming in and are not yet available. The program was awarded a renewal grant from HUD this year and will now operate through FY2004.

Housing and Employment

DMH Employment Service programs reflect the growing emphasis of not only finding housing for clients but also helping as many of them as appropriations permit to find and retain jobs in competitive, independent employment settings. These efforts will be continued in FY 2003.

DMH develops and coordinates local employment and educational services for clients through its six area offices and site offices and through collaboration with the Massachusetts Rehabilitation Commission (MRC), Labor and Workforce Development Career Centers and the state Division of Employment and Training (DET) at both local and central office levels. These collective efforts have resulted in key employment and educational initiatives. The DMH Services for Education and Employment (SEE) program is a statewide effort that emphasizes client choice in obtaining education, training or job placements. Clients are offered flexible, individualized supports with the primary goal of producing permanent employment with mainstream employers. SEE also works with clients needing educational and job training services or more interim work placements before being able to seek independent, competitive employment.

In partnership with the Division of Employment and Training (DET), DMH operates the Employment Connections program to provide employment services to homeless clients in the Metro Boston Area. Clients are assisted with obtaining job placements such as personal care attendants, caterers,

customer service representatives, administrative assistants, medical transcribers, computer repair technicians, landscapers, sales representatives and assistant managers.

DMH also manages a network of Community Support Clubhouses that offer members a range of social, recreational and rehabilitative services. Employment and training services are an integral part of clubhouse programs. Since both members and staff run clubhouses, clients have the opportunity to perform tasks essential to the daily operation of the clubhouse, which assists in the development of employment readiness skills. In addition, clubhouses arrange for transitional, supported and independent job placements for many of their members, generally with support services.

For additional information, contact the Department of Mental Health at (617) 626-8064.

### ***Department of Mental Retardation (DMR)***

The Department of Mental Retardation plans to accomplish goals in the FY2000-2004 Consolidated Plan in the following manner:

#### *Obtain Housing Subsidies:*

DMR will fully utilize the DHCD DMR Voucher Program, where 125 Section 8 Head of Household vouchers are designated for individuals who are:

Members of the Rolland lawsuit and whose placement is part of the Rolland settlement agreement; or

Members of the Boulet lawsuit and whose placement is part of the Boulet settlement agreement; or

Individuals whose relocation will create a community residential vacancy for someone in the aforementioned categories; or

Individuals who could be diverted from placement in a nursing facility through the use of a section 8 housing choice voucher.

The Department will collaborate with DHCD to maximize use of any Section 8 subsidies that may become available from HUD for individuals on the Medicaid Home and Community Based Waiver (including individuals on the DMR waiting list) or targeted for individuals being placed from nursing facilities.

DMR will continue to work with MassHousing to maximize use of the its Set-Aside program for individuals with mental retardation, including an effort to reach parity through obtaining a larger portion of new set-asides that become available and through planning for use of under-utilized apartments with accessible features.

DMR will provide 'how-to' training on a regional and statewide basis for individuals, family members, DMR and private provider agencies on obtaining affordable housing through rental subsidies.

#### *Home Ownership:*

The Department will continue to fund the Massachusetts *Home of Your Own (HOYO)* project administered by the Citizen's Housing and Planning Association (CHAPA). CHAPA will provide educational and financial assistance to DMR consumers who may be eligible to purchase homes through the Home of Your Own (HOYO) program. CHAPA will also provide ongoing training and

technical assistance to the homeowners, their families, guardians, and paid and voluntary supporters on post ownership issues. DMR collaborated with CHAPA to sponsor a conference on home ownership in the spring of 2002. The Department will also provide access to the down payment assistance fund and mortgage financing to assist DMR consumers seeking to purchase their own homes and help identify and ensure that participants receive adequate support services in their new homes.

DMR will plan and coordinate conferences, meetings and trainings on housing and issues of home and home life for its staff, providers, and families of persons whom DMR serves.

*Homeless Prevention:*

The Department will utilize McKinney funds to sponsor a housing search coordinator in the metropolitan and southeast regions to assist individuals with mental retardation and families of children with developmental disabilities to obtain housing subsidies and find apartments that fit within income guidelines.

*Tenancy Preservation:*

DMR will collaborate with other state agencies, service providers, and the court system in the Worcester area on various tenancy preservation projects.

*Continued Support:*

DMR will continue to support and provide safe and affordable housing for approximately 11,000 adults receiving residential supports and housing through state and private providers in homes in the community.

For more information regarding any of these programs, please call Rose M. D'Apolito at 617-624-7704 at the Department of Mental Retardation, or visit the DMR Web Page: [dmr@state.ma.us](mailto:dmr@state.ma.us).

***Department of Public Health AIDS Bureau:***

During calendar 2002, the AIDS Bureau of the Massachusetts Department of Public Health (DPH) will continue to fund twenty-nine supportive housing programs (750 units) that are currently funded by the AIDS Bureau (twenty-three congregate/clustering programs providing 315 units and six scattered-site programs providing 435 units). In addition, the AIDS Bureau plans to continue to fund the DPH Rental Assistance Programs, a program that subsidizes 20 units (but without specific supportive services attached) in the Metro-Boston area using state funds appropriated to DPH and administered through DHCD and the Boston Housing Authority. In addition to these thirty housing programs, the AIDS Bureau will continue to fund during 2001 the programs funded by HOPWA, discussed on page 11. The AIDS Bureau funds a total of thirty-four AIDS housing or housing-related programs.

*Standards of Care:*

The AIDS Bureau of DPH developed a set of standards of care that it published in 1997 as *Standards of Care: Supportive Housing for Persons with HIV/AIDS in Massachusetts*. The purpose of the standards of care is quality assurance: to ensure that consistent, high quality services are delivered to the residents of HIV/AIDS supportive housing programs. The standards of care are contractually binding on all those supportive residential programs funded by the AIDS Bureau; this contractual requirement became effective with all contracts established or renewed as of July 1, 1997.

In 1999 the AIDS Bureau, in conjunction with the AIDS Housing Corporation, initiated a process for all its funded supportive residential programs to conduct an evaluation of their compliance with the

standards. Each program conducted a review of its program that will involve its own staff, residents of the program, and staff from a peer program. This Peer Review process was completed in the spring of 2002 and will be used as the basis for reviewing the standards of care and adjusting as appropriate. The AIDS Bureau notes that the city of Boston has adopted the AIDS Bureau's standards of care as a requirement for the HIV/AIDS housing programs funded by Boston with its HOPWA and Ryan White Title I funds.

*Supportive Housing Activities :*

As stated above, the AIDS Bureau funds twenty-nine supportive housing programs and one statewide housing search and stabilization program (in addition to one other (non-supportive) housing program and three other housing-related programs). The AIDS Bureau continues to make a significant commitment of the state's own resources to AIDS housing programs. In the state's fiscal year 2003, the AIDS Bureau expects to spend \$4.4 million in state funds on supportive AIDS housing programs. These funds support (in whole or in part) thirty-one contracts that pay for supportive services delivered to residents and for technical assistance to provider agencies. Supportive services include outreach, assessment, case management, substance abuse services, expressive therapy, mental health support, assistance with daily living, and 24-hour supervision. The AIDS Bureau's total budget for AIDS housing and housing-related programs is \$6 million: \$4.4 million in state funding; \$1 million in HOPWA; and \$0.6 million in other federal funding (SHP, Shelter Plus Care, and ESG).

The AIDS Bureau is actively interested in funding the expansion of existing AIDS housing programs and the development of new programs, contingent upon the appropriation of additional state funds and/or the AIDS Bureau's success in applying for additional federal funds, which may become available. For additional information, contact the AIDS Bureau at (617) 624-5300.

***Department of Public Health- Bureau of Substance Abuse Services (BSAS)***

The Bureau of Substance Abuse Services has promoted multiple homeless initiatives. Substance Abusing homeless clients have been prioritized as they have few social supports and are more impaired by other high-risk issues including; HIV/AIDS, pregnancy, dual disorders, and/or they are involved in the criminal justice system. BSAS has worked in collaboration with the Mental Health and Substance Abuse Corporation of Massachusetts, Inc., Massachusetts Housing and Shelter Alliance, Recovery Home Collaborative and Project Able to create many of the following services.

**ONGOING INITIATIVES:**

- *Three shelters :* (Worcester, Psychological Center and CASPAR) have been funded for more than 10 years to support homeless clients with serious substance abuse issues. Each shelter has outreach staff to assess readiness for treatment, refer clients into treatment, provide psycho-ed groups on substance abuse and HIV/AIDS in the shelters and a limited amount of stabilization beds. ( FY'03 \$1,011,100)
- Federal Emergency Shelter Grant funding is provided to shelters to provide case management and support services to address substance abuse within three homeless shelters; and other case management services for homeless clients in order to prevent/reduce homelessness. Many of these men, women and veterans are in the process of being released from county or state



correctional facilities.  
(FY'03 \$464,010)

- \$400,000 from the BSAS budget was provided to shelters for emergency and stabilization bed expansion in shelters for the winter overflow beds in 1996, and \$500,000 in 1997, \$600,000 in 1998. \$735,000 in 1999-2000 from DPH each time is one-time-only dollars, not annualized, with \$35,000 in May 2000, for May – June beds. In SFY '01 \$700,000 was allocated for overflow beds. For SF'02 the state reimbursement for the shelter bed day rate was increased to decrease the need for this allocation. In SFY'02 BSAS contributed \$85,000 for overflow beds. FY'03 not funded.
- Since 1999, regional Shelter Education, Assessment, Referral and Coordination for Homeless (SEARCH) workers (five serve Boston, four in other area's) support substance abuse outreach in shelters. This is collaboration between ambulatory programs and shelters for substance abuse assessment and psycho-educational groups to assess treatment readiness and refer shelter clients to treatment programs. (For SFY '03 \$ 696,287)
- Since SFY '99 the BSAS has procured funding annually for services in Boston, to support the establishment and operation of up to twenty (20) ATS Levels A beds (increased in '03 to 30 ATS beds for homeless), up to twenty-five (25) Transitional Support Services beds and five (5) Substance Abuse Education Assessment Referral Coordination for Homeless (SEARCH) workers. These services are 100% targeted to serve homeless individuals. (SFY '03 \$ 1,440,488).
- Twenty (20) beds additionally have been created to serve homeless clients needing acute treatment services in the Central Mass Region. This initiative is a collaboration between shelters and the acute treatment service programs. Referrals come from shelters by a treatment access certificate indicating a client's homeless status. (SFY '03 \$497,000 )
- Since FY'98 the Bureau of Substance Abuse Services collaborated with the Department of Mental Health and obtained funding from Federal HUD resources for 60 units of Aggressive Treatment and Relapse Prevention (ATARP) supportive housing for dually diagnosed Department of Mental Health criteria clients with substance abuse problems. Initiative has been renewed through SFY'03. (SFY '03 \$165,233)
- Outreach programs to at risk substance abuse clients with mental health issues were started in Greater Boston, FY '95 in collaboration with DMH, MRC, DMR and other EOHHS agencies. Originally, in the Housing Options Program (HOP) there was 30 HUD Shelter + Care subsidies, for substance abusing clients. These individuals received housing search and stabilization case management services, which were BSAS funded (\$50,511) through an Interagency Service Agreement (ISA) with DMH and its subcontractors JRI & HomeStart, Inc. In SFY '99 the BSAS funded (\$40,000) a substance abuse case management specialist, via the DMH ISA and HomeStart, Inc., to provide case management services for 20 City of Boston Shelter + Care subsidies. In SFY '00, DHCD added additional 30 "HOP" subsidies for BSAS, and BSAS provided the matching case management funds (\$15,000 annualized). (SFY'03 \$105,896)
- Federal HUD funds were secured, in a collaboration between MHSA and BSAS, for 50 Post Detoxification, Pre-Recovery (PD/PR) home stabilization beds and case management for homeless clients outside of Boston. MHSA contracts for the beds and provides statewide

coordination, and BSAS procured intensive case management services within the recovery home system to support the clients. Sites in Brockton, Springfield, Worcester and Framingham are operational. (\$496,052 of federal funding and \$82,500 of matching state funds have been renewed through SFY'03).

- Two Hundred and sixty-eight (268) Transitional Support Services (TSS) beds have been opened at sites in Boston, Weymouth, Somerville, Falmouth, New Bedford, Westboro, Quincy and Holyoke as “step down” from ATS, as well as from shelters. These services are targeted to serve, at a minimum 33%, homeless individuals. (SFY'03 \$7,705,821)
- Residential Recovery home beds and street outreach services have been targeting homeless substance-abusing clients has been secured from a federal HUD grant. Funding of these services began in 1996 at a level of \$1,000,000 annually and was recently awarded a funding extension for two additional years at the current level through SFY 2003. In SFY '00, BSAS expanded funding for Friends of the Shattuck Shelter “street outreach” to include weekend coverage.
- A recent (SFY '00) DPH pilot initiative to decrease street deaths of homeless substance abusing individuals is a collaboration of MGH and BMC, ATS providers, Health Care for the Homeless (Boston and Cambridge), outreach programs, shelters, and state agencies to coordinate services for high-risk, chronically homeless clients. This pilot initiative might be able to be replicated statewide in the future. The Bureau of Substance Abuse Services will evaluate this pilot initiative in collaboration with DMA and Health Care for the Homeless. Evaluation – BHCH, CHCH, DPH, and DMA – fiscal support from BSAS (\$20K). . In SFY '00, BSAS committed resources to expand van/street outreach services, which target homeless substance-abusing clients in Cambridge. Additionally, for SFY'02 BSAS supports an FTE Nurse for Cambridge Health Care for the Homeless at \$60,000. Eliminated due to budget cuts in '03.
- Outpatient expanded services developed for outreach and psycho educational counseling for out of treatment individuals, which may also be homeless clients, begun in FY'98. (\$1.9 million). This is not for homeless only. These services will terminate as of 12-31-01 due to state budget cuts.
- Nine family substance abuse shelters transferred via an ISA from the Department of Transitional Assistance. (Shelter vendors advocated for the move to the Department of Public Health as their clients required public health service involvement.) Eight DTA and one DPH family shelter were re-procured in the CHNA RFR maintaining bed capacity. DPH contracts with the Institute for Health and Recovery (IHR) to coordinate these services.
- Seventy three units of permanent Community Housing have been created for homeless recovering women and their families. This project is funded partially through a HUD federal grant with matching supportive services and resources from the DPH/BSAS and other agencies such as the MBHP and MassHousing and originally started in 1995 with twenty units.
- Eight units of transitional housing have been created at Elizabeth House, Fitchburg for homeless recovering women, contracted through Our Father's House. This project is funded partially through the Fitchburg Housing Authority with supportive services and resources from the DPH/BSAS. (SFY'03 \$ 60,000)
- Case management services for over 175 beds of supported housing and some shallow rent subsidies have been funded by the DPH/BSAS as part of the two CHNA RFR's released in 1994 and 1998. ( SFY'03 \$2,256,247).

- More than 25 houses with over 150 units have been developed for individuals recovering from substance abuse and in need of sober housing by providing first and last month's rents and coordination in the "SHARE (Sober Housing for Addiction Recovery Environments) Loan" program. Developed more than 11 years ago, BSAS recently re-procured this service and the Institute for Health and Recovery was selected to be the vendor.

**RECENT INITIATIVES:**

- FY'98 recovery home beds were expanded for criminal justice clients increasing capacity by 132 beds. These clients often end up in shelters if substance abuse services are not available. In SFY 2002 these services were expanded, adding 38 new beds to the system. SFY '03 \$584,000.
- Residential Services targeted to 18 – 24 year old homeless youth, who are substance abusers, was procured in SFY 2002. Contracted vendors are Bridge Over Troubled Waters and the Somerville Homeless Coalition (which received a HUD grant with state match). SFY '03 \$ 160,000
- Sober Housing Search and Resource Development RFR was released in SFY 02, to do systems development to prevent homelessness and to develop a database of sober housing resources statewide, as outlined in the Executive Office for Administration and Finance (EOAF) "Housing Search and Retention" Working Group's report. Eliminated in SFY' 03 due to budget constraints.

**COLLABORATIONS:**

- A recent (SFY '00) DPH pilot initiative to decrease street deaths of homeless substance abusing individuals is a collaboration of MGH and BMC, ATS providers, Health Care for the Homeless (Boston and Cambridge), outreach programs, shelters, and state agencies to coordinate services for high-risk homeless clients. The Bureau of Substance Abuse Services will evaluate this pilot initiative in collaboration with DMA and Health Care for the Homeless. Evaluation – BHCH, CHCH, DPH, DMA – fiscal support from BSAS .
- The Bureau of Substance Abuse Services collaborated with the Department of Mental Health and obtained funding from Federal HUD resources for 60 units of Aggressive Treatment and Relapse Prevention (ATARP) supportive housing for dually diagnosed Department of Mental Health criteria clients with substance abuse problems.
- BSAS collaborates with DMH, MRC, DMR, other EOHHS agencies, and DHCD in the Housing Options Program (HOP) with vendors JRI & HomeStart, Inc.
- The Bureau of Substance Abuse Services collaborates with 6 property management firms, MBHP, DSS, MassHousing, DHCD, and various Rental Administration Agencies, as well as 4 substance abuse vendors to provide seventy-three units of permanent Community Housing for homeless recovering women and their families.

For additional information, contact the DPH Bureau of Substance Abuse Services at (617) 624-5102.

***Department of Social Services (DSS)***

The Department of Social Services (DSS) currently funds over 50 battered women programs to provide emergency shelter (up to 90 days), short-term emergency safe beds (utilizing private homes, hotels and apartments for up to 14 days) and transitional living services (up to 18 months) to victims of domestic violence and their children. These programs have approximately 800 beds statewide. There are at least six shelters, one per geographic region, that are fully handicapped accessible. DSS funds *Safelink*, a statewide hotline for victims of domestic violence designed to provide crisis intervention, support, information and referral, including locating emergency shelter. DSS also funds child witness programs to provide assessments, advocacy, and mental health services to families in which children have witnessed domestic violence; visitation centers to provide safe and supervised visitation services to families experiencing domestic violence; expanded transition to independent living services to assist victims of domestic violence in securing housing, relocating, or maintaining current housing.

*Safe Recovery and Spiritus:*

DSS continues to fund *Safe Recovery* and *Spiritus*, which are six to twelve month residential programs for substance abusing battered women and their children. Each of these programs has the capacity to serve ten families from anywhere in the Commonwealth. In addition to achieving safety and sobriety the programs also focus on re-unifying families in cases where DSS has had custody. In FY 03 DSS is funding a third program in the Western region of the state, which is due to open in the fall of 2002.

Approximate funding for the above programs: \$16,500,000.00

*The Scattered Site Transitional Apartment Program (SSTAP):*

The Department continues to co-administer *The Scattered Site Transitional Apartment Program* (SSTAP) with DHCD. Priority is given to battered women and their children who are involved with the DSS. Currently there are 39 SSTAP apartments across the Commonwealth. This program allows battered women and their children to reside in safe apartments for up to 18 months and to receive services from a case manager and housing advocate.

*The Family Unification Program:*

DSS and DHCD continue to provide Section 8 housing subsidies to eligible families in the DSS caseload. *The Family Unification Program* provides housing subsidies to battered women and their children who are homeless and to families with children in out of home placement who are capable of caring for their children but do not have permanent or adequate housing to which their children can be returned. In addition to DSS involved families, a new eligibility category has been added to this program. Individuals between the ages of 18 and 21 who left foster care at age 16 or later and who lack adequate housing are eligible to apply for FUP vouchers.

*Housing Search and Rental Assistance Program (South Shore Housing):*

The Department continues to administer a *Housing Search and Rental Assistance Program (South Shore Housing)*, "Transition to Home." This program provides short-term rental assistance and housing search services to homeless battered women and their children. The goal of this program is to move women out of homelessness and into safe, permanent housing. By offering the assistance of a housing search advocate and a stipend to be used for first and last month's rent or security deposit, battered women are given the necessary tools to transition back to permanent housing options. The housing advocate also provides ongoing stabilization services for up to six months once housing is obtained. This program is funded through the Commonwealth's Continuum of Care; funding for FY03 totals \$183,052.

*Emergency Shelter Grants:*

DSS also administers 14 programs through the Emergency Shelter Grant Program (ESG). Most of

these grants are used for homeless prevention services, program support and staffing costs, and to promote economic self-sufficiency. ESG funds for these programs total \$495,000.

For more information on any of these programs, please call (617)748-2333.

### ***Department of Transitional Assistance (DTA)***

The Department of Transitional Assistance provides homeless beds and services through two major programs: 1) the emergency assistance family shelter program, and 2) the individual shelter program. The following sections provide a brief overview of these two programs.

#### ***Emergency Assistance Family Shelter Program***

In FY 2003, DTA expects to receive an estimated \$70.2 million for its family shelter program. This program is the Commonwealth's basic safety net program for homeless families. The program provides a mix of shelter units and support services. It serves families with incomes under \$15,020 per year or 100% of the federal poverty level. (Numbers reflect maximum incomes for a family of three). This is a change from FY 2002, when families with incomes under 130% of the federal poverty level were eligible. To qualify, families cannot have asset worth more than \$2,500.

#### **Shelter Units**

Families qualify for family shelter units if they have been evicted; have been displaced due to a natural disaster; live in unsafe conditions; or live in unsanitary conditions. (See CMR 106 Chapter 309 for details.) In July of 2002, the Department funded approximately 1,516 family shelter units. This reflects the caseload as of July 2002. Given the sharp increase in demand, this number could be significantly higher by the end of FY 2003. Below is the breakdown of the types of shelter units funded through DTA.

- 1) Congregate Shelter 46%
- 2) Scattered Site and Housing Demonstration Shelters 18%
- 3) Voucher Shelters 2%
- 4) Substance Abuse Shelters 4%
- 5) Motels 29%

#### **Family Shelter Services**

Under the congregate shelter system, shelter providers work with the families to help them to become self-sufficient. Staff and families work together to:

- 1) Ensure that eligible families are receiving benefits
- 2) Search for permanent employment
- 3) Coordinate child care benefits
- 4) Coordinate transportation services, and
- 5) Ensure that housing search services are provided through the Housing Assistance Program. (See description of the Housing Assistance Program below.)

#### **Family Shelter Housing Prevention and Housing Search Services**

In FY 2001, the Department initiated the new Housing Assistance Program (HAP). HAP provides services to two different types of clients: EA eligible families who are at-risk of homelessness and EA eligible families who live in DTA homeless shelters.

To prevent families from becoming homeless, the Department provides the following types of services for at-risk families:

- Tenant/Landlord counseling, negotiation, and mediation services;
- Tenant information on eligibility for low income housing assistance;
- Educational workshops and the distribution of education materials specifically related to budgeting and housing issues; and
- Housing search services

For families living in DTA congregate shelters, HAP provides comprehensive housing search services for each family. The HAP system has 12 vendors that cover the entire state system of congregate shelters.

#### **Family Shelter Capacity**

Over the last two years, the Department has faced a sharp increase in the demand for family shelter services. This demand was fueled by two major factors. First, there is a shortage of affordable housing in Boston and Cape Cod. Second, in FY 2000 the Commonwealth expanded the family shelter financial eligibility from approximately 80% to 130% of the federal poverty level. This eligibility change appears to have steadily contributed to the increase in family shelter caseload. As mentioned above, for FY 2003 the eligibility has been decreased to 100% of the federal poverty level. This may slow the increase in family shelter caseload. On the other hand, the rent arrearage and disaster relief program funding has been eliminated for FY 2003. This program, funded at \$9.1M in FY02, was designed to prevent homelessness by helping families that are at-risk of homelessness. It is expected that the loss of this program will impact demand for family shelter services.

Because of the growing caseload numbers, the Department has more families than it can accommodate in congregate and scattered site units. The overflow cases are currently being housed in motels. The Department started FY 2001 with 29 families in motels. By August of 2001, the Department had 175 families in motels, and by July 2002, that number had increased to 443.

#### **Individual Homeless Shelters**

In FY02, the DTA individual shelter account was funded at \$35.5M. Funding provided shelter for 2,338 men and 530 women (2,868 total) throughout the Commonwealth. Also provided were day programs, health care, housing search and a food bank. Through two ISA's with Administration and Finance and EOHHS, an additional \$1.9M provided funding for 328 winter/overflow shelter beds.

In FY03, the Homeless Individual appropriation is decreased by \$5.5M (15.6%) to \$30M. Attempting to maintain shelter capacity at its FY02 level, the Department is working with shelter providers to absorb reductions in other areas, rather than in capacity. It is also uncertain, at this time, if funding for 328 winter/overflow beds will again be provided by A&F and EOHHS.

#### ***Department of Veterans' Services (DVS)***

In 2003, the Department of Veterans' Services will provide \$14,875,2500 to support programs that focus on homelessness prevention, emergency shelters, permanent and transitional housing and job training for veterans of the Armed Services who are homeless. Some estimates indicate that veterans represent as many as one-third of single homeless individuals in Massachusetts. Reliance on non-profit organizations staffed and managed by veterans to provide these services is the hallmark of the DVS approach. Service models emphasize veterans helping veterans.

DVS will continue to maintain its Housing Advisory Board (HAB) to share information about housing programs that benefit veterans. The HAB is made up of veterans, some of who were formerly homeless, who provide housing and/or services to veterans. At the meetings, members review

programs and proposals to provide housing and services to veterans, focusing on providing housing and services for homeless veterans. DVS-supported housing developments often result in the rehabilitation of housing and contribute to the stabilization of neighborhoods.

*Homeless prevention:*

DVS will provide \$11,352,418 to support:

- Outreach Centers: DVS will provide \$1,091,615 to nine veteran-operated outreach centers in every region of the state. These centers respond to approximately 46,000 requests for service from 10,500 veterans and their families.
- Emergency Assistance: DVS will provide \$10,260,803 to cities and towns to provide short-term emergency assistance at any one time to 5000 eligible veterans who served during wartime and families of these veterans through the M.G.L. Chapter 115, Emergency Assistance to Veterans Program. These funds constitute 75% of the funds that veterans' agents in every city and town use to provide assistance for shelter, food, clothing, utilities, up to four months of rent arrears, personal needs, and insurance to veterans in crisis and their families.

*Emergency Shelters, Transitional Housing and Permanent Housing:*

DVS will provide \$3,485,551 to support:

- 220 shelter beds, including newly established beds for women veterans, at three veteran-operated shelters in Greater Boston and in central, and southeast MA and
- 465 rooms for transitional housing in fifteen veteran-run facilities.
- 125 permanent rooms in six locations in Greater Boston, Cape Cod, and western Massachusetts. DVS will also continue to support programs that expand permanent housing solutions for single veterans, veterans with families, and families of veterans.

DVS will provide technical assistance to veterans' groups seeking to develop four additional transitional houses for 50 veterans including a house for homeless women veterans and their children.

*Homeless Veterans Reintegration Project for Rural Areas (HVRP).*

DVS will provide \$538,739 to expand the U.S Department of Labor (DOL) Homeless Veterans Reintegration Project. The funds will enable the MA Homeless Veterans Association, Worcester, and the Veterans' Northeast Outreach Center, Haverhill to provide employment assistance and housing services to homeless veterans in rural areas, in Central MA, Northeastern MA and Western MA. The grant now also includes \$223,739 in the City of Worcester.

*Veterans Workforce Investment Program (VWIP)*

DVS, as the Governor's Designee, will provide \$850,000 to the New England Shelter for Homeless Veterans' VetTech program and to Workforce Central, a City agency in Worcester. The organizations will provide training, employment and supportive services to assist eligible veterans with service-connected disabilities; served in active duty in the armed forces during a war; are recently separated veterans; and veterans with significant barriers to employment by providing training, employment and supportive service in areas of high demand occupations.

The goals of the DOL grants is to move veterans to self-sufficiency by place 620 veterans in employment at an average wage of \$11.50 an hour. In addition, the HVRP grants will also aid in placing 200 veterans in housing.

For more information, please contact the Department of Veterans' Services at (617) 727-3578.

### ***Division of Employment and Training (DET)***

#### ***Workforce Training Fund:***

The Fund provides resources to Massachusetts businesses and workers to train current and newly hired employees. The mission is to invest in the workforce and maintain business strength and viability. Training funded will address the following priorities:

- Job retention, job growth or increased wages;
- Training to improve a company's productivity, competitiveness and ability to do business; and
- Commitments by companies to provide private investments in training during and after the grant period.

\$18 million was appropriated in FY 2003.

### **Executive Office of Elder Affairs (Elder Affairs)**

#### ***Assisted Living Residences:***

Elder Affairs is responsible for regulating assisted living residences in Massachusetts that house elders and disabled persons. Assisted living residences at a minimum must provide room, board, assistance with personal care services, and other activities of daily living. Currently there are 164 certified assisted living residences (10,194 units). In 2003, Elder Affairs expects to certify an additional 5 residences, with approximately 250 units. Elder Affairs is exploring ways to make assisted living more affordable through interagency initiatives with the Division of Medical Assistance, DHCD and MassHousing.

#### ***Assisted Living Ombudsman Program:***

Elder Affairs will continue to fund the Assisted Living Ombudsman Program in 2003. This program is designed to respond to concerns of residents in these facilities and their families.

#### ***Supportive Senior Housing Initiative:***

Supportive Housing is a collaborative venture with DHCD. This initiative creates an "assisted living like" environment in public, elderly housing. With additional state funding, Elder Affairs, through its statewide network of Aging Services Access Points, provides 24 hour on site personal care, one meal per day, case management, service coordination, and activities for residents of selected developments. The initiative is currently operating in 22 developments containing 2882 units.

#### ***Congregate Housing:***

Elder Affairs funds service coordinators at 57 congregate housing sites with 729 units. Most of these sites are located in DHCD's Chapter 667 state-aided elderly housing complexes. Congregate housing is a shared living environment designed to integrate the housing and services needed by elders and younger disabled individuals. The goal of Congregate Housing is to increase self-sufficiency through the provision of supportive services in a residential setting. Services are made available to aid residents in managing Activities of Daily Living in a supportive, but not custodial environment. Each resident has a private bedroom, but shares one or more of the following: kitchen facilities, dining facilities, and bathing facilities.

Information, including availability, location and other consumer related issues, is available at (617) 727-7750.



### ***Executive Office of Public Safety (EOPS)***

The State-funded Community Policing Grant Program has been supported by the Massachusetts State Legislature through the General Appropriations Act (State Budget) each fiscal year since 1994. The Executive Office of Public Safety is designated in the appropriation language as the administrative agency for the program.

Every city and town in the Commonwealth with a local police department, as established in Massachusetts General Law, Chapter 41, Sections 96, 97, and 97A, is eligible for Community Policing funding. Local police departments, acting in partnership with citizens, are encouraged to develop and enhance collaborative relationships with all appropriate branches of state, local, and federal law enforcement, government and regulatory agencies, private industry, schools, and community organizations for the purposes of arriving at a consensus on the crime and disorder problems within their particular communities and formulating strategies tailored to meet the particular needs of their communities.

Each year, the legislation has stipulated as part of the appropriation funding this program, that the Executive Office of Public Safety must award funds through a competitive process. As a result, upon passage of the State Budget, the Executive Office of Public Safety Programs Division sends applications to each police department in the Commonwealth. Police departments are typically required to complete and return them within three weeks. The applications are then distributed to the Community Policing Advisory Review Board to be read and scored. The Community Policing Advisory Review Board is comprised of criminal justice professionals, Community Policing practitioners, and public policy specialists. Their mission is to devise a fair and equitable method for distributing state Community Policing funds in accordance with the parameters set forth in the General Appropriations Act.

The Community Policing Advisory Review Board has adopted an allocation method based on a community's total population (based upon the U.S. Census Bureau, 2000 population estimates). A community is eligible to receive an award in relation to its total population and the quality of its application as determined through a score by the Community Policing Advisory Review Board. Final awards are determined by earmarking in the legislation, population, and quality of the applications submitted. Actual payments occur after the review of a formal application, upon award notification.

In fiscal year 2002, \$20,802,650 was provided to 339 communities and 4 programs. \$17,675,989, or 85%, of the total appropriation was earmarked to 122 communities. The unallocated balance of \$3,126,661, was made available to the 229 remaining, non-earmarked communities according to Tier I-III eligibility levels, based primarily upon population. Tier eligibility levels were as follows: Tier I, 0-10,000 population - \$10,000; Tier II, 10,001-20,000 population - \$16,000; and Tier III, over 20,000 population - \$32,000.

Between fiscal year 1994 and fiscal year 2002, the Executive Office of Public Safety has distributed \$141,012,150 under the State-funded Community Policing Grant Program.

The General Appropriation Act of 2003 has allocated \$20,267,596 for this program in fiscal year 2003.

For further information regarding the State-funded Community Policing Grant Program, please contact Paul Jarosiewicz, Director of Law Enforcement Programs, at (617) 727-6300 x25313.

## **MassHousing**

### *Initiatives to Expand the Affordable Housing Supply:*

MassHousing invests resources in both rental and home ownership affordable housing. Further information regarding specific home ownership programs may be obtained by calling (617) 854-1020. Information on rental development programs is available by calling (617) 854-1371.

These initiatives are described briefly below:

### *Rental Housing:*

#### Financing Programs to Create and Preserve Affordable Housing

As the state's housing finance agency, MassHousing has over a thirty-five year track record in financing affordable rental housing. Financed under a variety of federally- and state-assisted programs, MassHousing oversees a \$2.5 billion loan portfolio consisting of 497 developments and 60,843 apartment units.

MassHousing also provides administrative oversight/contract management services for an additional 36,010 units in 389 properties which have been financed by other entities. Included in this total are the properties for which MassHousing has assumed significant redevelopment, asset management, contract administration, and restructuring responsibilities from HUD in its Demonstration Disposition, Section 8, and Section 8 Mark-to-Market programs. As these functions are delegated to the states, the Commonwealth and its housing finance agency assume an expanded and more central role in managing and preserving this inventory of assisted housing.

MassHousing's financing programs leverage a variety of federal and state resources including tax-exempt mortgage revenue bonds, Low-Income Housing Tax Credits, HOME funds, interest rate reduction subsidies, various rental assistance programs, as well as private equity. MassHousing projects that its financing for rental properties in FY 2003 will be approximately \$270 million. Of that total, \$81million in mortgage financing will fund the new construction of 804 units of mixed-income housing including 140 assisted-living units to be developed under MassHousing's Elder CHOICE program.

Preserving the existing inventory of subsidized housing at risk of conversion to market rate represents a steady share of MassHousing's new business. Of the \$270 million in financing commitments forecasted for 2003, \$187 million will be targeted to the refinancing of 3,046 units in existing developments with expiring use restrictions and/or subsidy contracts. MassHousing has developed various refinancing strategies including its "Friendly Prepayment Program" to maintain and extend affordability, avoid involuntary displacement of existing residents, and address outstanding capital needs of what are now aging buildings. MassHousing is starting a program to refinance seasoned Section 202 developments with the intention of yielding new capital to fund needed repairs and supportive services for an aging-in-place population.

### *Home Ownership Programs:*

#### Affordable Home Ownership Programs Serving Low- and Moderate-Income First-Time Homebuyers

MassHousing provides a variety of mortgage products serving the special needs of low- and moderate-income first-time homebuyers in Massachusetts. Funded from the proceeds of Mortgage Revenue Bonds (MRBs) and other capital sources, MassHousing provides prospective homebuyers with a zero-, one-, or two-point mortgage product that is priced an average of 75 basis points below conventional rates, with flexible underwriting standards, and as little as 3% down. These loans are originated through a network of banks and mortgage companies throughout the Commonwealth. Production in this program is typically \$200 million annually.

MassHousing also administers a variety of second mortgage products that enable low- and moderate-income homeowners to make needed repairs to improve their homes. Such repairs also include deleading and lead paint abatement; repairs to and replacement of septic systems; as well as retrofitting properties to become accessible to family members with a physical disability. Activity in these programs is approximately \$12 million annually.

MassHousing also operates its own Loan Servicing Center, now servicing 71% (or approximately 13,000 out of 18,264 active loans) of MassHousing's \$1.227 billion portfolio. Servicing these loans in-house and in-state helps to ensure that MassHousing borrowers are supported, particularly in the instance in which a loan becomes delinquent and a properly-structured workout or loan modification could stabilize the loan and prevent a foreclosure. Through a network of local agencies, MassHousing provides homebuyer-counseling services to borrowers in advance of buying a home, and, importantly, provides ongoing services to borrowers so as to protect their long-term investment.

MassHousing recognizes that there is a continuum of need and services to support the housing needs of low- and moderate-income individuals and families, and that providing opportunities for those people to become homeowners fosters family self-sufficiency and strengthens neighborhoods.

This is the reason that the Mortgage Insurance Fund (MIF) of MassHousing has initiated its Municipal Mortgage and Take the T Home Mortgage Programs. These are conventional loan programs aimed at borrowers with slightly higher incomes than are otherwise permitted under the MRB-based programs. Borrowers under this program cannot earn more than 135% of area median income (\$94,500 in Boston MSA) and it is targeted to those persons who want to live in the community in which they work or who ride public transportation. These programs leverage the insurance available through MIF to mitigate lender risk and encourage them to originate loans that they might not otherwise make. Anticipated volume for these programs in FY2003 is approximately \$35 million.

***For more information, call (617) 854-1000 or visit [www.MassHousing.com](http://www.MassHousing.com).***

### ***Massachusetts Housing Investment Corporation (MHIC)***

#### ***Financing:***

Funds are available for affordable housing projects through MHIC, LLC and the Massachusetts Housing Equity Fund. In January 2001, MHIC converted its loan program to a limited liability company (LLC) structure to keep pace with evolving conditions, markets, opportunities and challenges. Through the LLC, MHIC has made loans totaling approximately \$254 million to finance more than 6,800 units of affordable housing. In the coming year, the LLC expects to make loans totaling \$40 million, representing approximately 600 units of affordable housing. Through its Equity program, MHIC has raised over \$400 million to invest in more than 100 properties - and provides about half the total tax credit investment by all investors in Massachusetts. In the coming year, MHIC's Equity Program anticipates investing approximately \$40 million, representing about 500 units of affordable housing. Fifteen participating banks currently participate in the Massachusetts Housing Investment Corporation LLC.

For more information about these programs, please contact the Massachusetts Housing Investment Corporation at (617) 850-1000, or visit our website at <http://www.MHIC.com>.

### **Massachusetts Housing Partnership Fund (MHP)**

The Massachusetts Housing Partnership Fund (MHP) is a quasi-public agency financed by the banking industry to support affordable housing and neighborhood development. MHP fund provides communities, local housing partnerships, and non-profit and for-profit developers with technical assistance and below-market financing to create affordable rental housing and homeownership opportunities throughout the Commonwealth. MHP's major programs are as follows:

#### *Permanent Rental Financing Program:*

This program provides long term, fixed-rate financing for rental properties of 5 or more units to for-profit and nonprofit developers; terms of up to 20 years and amortization of up to 30 years. Loans from \$250,000 to \$9 million, or as low as \$100,000 if part of a community redevelopment effort. In FY 2003 MHP expects to provide PRFP loan commitments of \$25 million for a total of 500 additional housing units

#### *Match Program:*

The Massachusetts Tax-exempt Credit for Housing (MATCH) program provides tax-exempt bond financing for multifamily rental properties across Massachusetts, with a focus on those developed by 501(c)(3) non-profit organizations. Under this program, MassDevelopment issues the tax-exempt bonds, and MHP arranges for credit enhancement so the bonds can be sold with AAA rating. In FY 2003, MHP expects to make MATCH funding commitments totaling \$15 million for a total of 150 housing units.

#### *Permanent Plus (Perm Plus):*

The Perm PLUS program is an innovative financing program that combines MHP's favorable fixed-rate first mortgage financing with subsidy funds made available to MHP through a special program with Fleet and Citizens banks. Perm PLUS offers an additional 0% deferred payment loan of up to \$40,000 per affordable unit. MHP expects to make Perm PLUS funding commitments of approximately \$3 million in FY 2003, for 60 housing units.

#### *Small Scale Rental Production Program (SSRP)*

This program combines MHP's favorable fixed-rate first mortgage financing with a 0% deferred payment loan of up to \$90,000 per affordable unit funded by MHP together with funding from the Affordable Housing Trust Fund. In FY03, MHP expects to make SSRP funding commitments totaling \$5 million for 75 housing units.

#### *Intensive Community Support:*

Staff provide in-depth assistance to select group of urban and suburban communities to promote the development of affordable family housing. MHP expects to assist 7 communities in FY 2003, using a combination of HUD TPA funds, HOME, and MHP Perm Plus and Permanent Financing programs.

#### *Technical Assistance Program:*

Provides third-party consulting services up to \$3,000 per project (or up to \$10,000 for multiple properties) to determine the feasibility of potential affordable housing developments. In 2003 MHP expects to make \$115,000 in awards to support approximately 25 projects.

#### *Predevelopment Loans:*

Provides low-interest predevelopment loans of up to \$50,000 to support design, engineering and other project costs until construction financing has closed. MHP expects to commit \$100,000 in new financing to support two new projects in 2003. MHP will fund \$50,000 in previously committed predevelopment loans for two projects.

#### *Chapter 40B Technical Assistance:*

Provides up to \$10,000 per initial project (or \$5,000 for subsequent projects) in third-party consulting services to help cities and towns review proposed affordable housing developments seeking comprehensive permits pursuant to MGL c.40B. The program was developed in cooperation with the Department of Housing and Community Development. If additional sources of funding are secured, MHP would expect to provide \$615,000 in assistance in 2003 to support review of 74 additional developments.

*Soft Second Loan Program*

MHP administers the Soft Second Loan Program, which is funded by the Department of Housing and Community Development. The program provides "soft second" loans to low- and moderate-income first-time homebuyers to reduce their first mortgage amounts and to lower their initial monthly costs so they can qualify to purchase a home. Participating lenders underwrite a 75% first mortgage and a second mortgage generally for 20% of the purchase price. The borrower pays the entire principal and interest on the first mortgage and public funds are used to subsidize the payments to the second mortgage for some borrowers. Since the borrower does not pay mortgage insurance, public funds are also used provide a loan loss reserve for participating lenders. The program has assisted 6000 first-time homebuyers to date and expects nearly 700 to purchase utilizing the program in FY2003.

For more information about any of these programs please call MHP at (617) 338-7868, call toll-free at (877)MHP-FUND, or visit [www.mhpfund.com](http://www.mhpfund.com).

***Massachusetts Office of Business Development (MOBD)***

MOBD promotes economic development to expand all sectors of the state's economy by capitalizing on the technical, industrial manufacturing, educational, cultural, and demographic advantages of the Commonwealth. MOBD continues to provide integral business services to all sectors of the business community, including: facilitation of the regulatory, permitting and licensing processes; access to federal, state, local and private financing sources; identification of training and recruitment needs; and access to a site selection service to assist companies interested in relocating to, or expanding within Massachusetts. In short, MOBD seeks to act as a one-stop shop for businesses, focusing on job creation and job retention in the Commonwealth.

*Economic Development Incentive Program (EDIP):*

One of the programs administered by MOBD is the Economic Development Incentive Program (EDIP). The EDIP is an aggressive series of tax incentives designed to stimulate job creation in distressed areas, attract new businesses, encourage existing businesses to expand, and increase the overall economic development readiness of municipalities throughout the Commonwealth. The EDIP represents a unique and innovative partnership between the business community, and state and local government. The business community commits to making both a financial and personnel investment by expanding and creating new, permanent full-time jobs in Massachusetts. In exchange, the two governmental entities encourage this investment in Massachusetts by offering local real estate tax incentives and state tax credits and deductions. The Economic Assistance Coordinating Council (EACC), co-chaired by the state's Director of Economic Development and the Director of Housing and Community Development, is charged with designating Economic Target Areas (ETAs), Economic Opportunity Areas (EOAs) and Certified Projects, the three components of the EDIP.

The EACC, has approved 41 ETAs containing a total of 163 municipalities. Within those 41 ETAs the EACC has approved 431 EOAs, 734 Certified Projects, and 11 Exceptional Opportunities throughout the Commonwealth. As of July 1, 2001, the Massachusetts Economic Development Incentive Program can be credited with:

- 745 EDIP Projects

- 47,453 New Permanent Full-Time Jobs Created
- 80,823 Jobs Retained in the Commonwealth
- \$7.6 Billion in Private Investment by Businesses

MOBD has a main office in Boston (617) 973-8600, and regional offices in Springfield (413) 784-1580, Worcester (508) 792-7506, Lowell (508) 970-1193, and Dartmouth (508) 997-1438.

### ***Massachusetts Rehabilitation Commission (MRC)***

*Housing targeted to homeless families:* MRC administers and/or participates in two programs designed to move homeless individuals and families with disabilities from homelessness to permanent housing.

#### *The Homeless Shelter/Brain Injury Program*

This program is targeted to assist homeless persons with brain injuries. Because of their disabilities, these individuals do not often succeed in shelter-based models of housing search. The Brain Injury Program provides case management services for homeless individuals with brain injuries who are ready to move out of shelters. Case management services can include: identifying and securing income support, medical case management as well as accessing a range of services and supports specialized for persons with brain injuries including substance abuse services and neuropsychological services. The program also trains shelter staff to identify and work more successfully with people with brain injuries.

#### *Housing Opportunity Program (HOP):*

MRC participates with the Departments of Mental Health, Mental Retardation and Public Health in the Housing Opportunity Program (HOP). Under this HUD-funded demonstration program, DHCD secured Section 8 vouchers to assist homeless persons with disabilities to move from homelessness to permanent housing. MRC, like each of its EOHHS partners, provides supports as needed to the program participants. Under HOP, MRC has targeted homeless persons with brain injuries and homeless young adults with physical disabilities.

*Housing for people with disabilities:* MRC offers a range of housing and housing-related services to assist people with disabilities to live independently in the community. The agency's philosophy is to develop housing and housing programs that meet the individual needs and preferences of people with disabilities. Historically, the housing choices of people with disabilities have been limited to segregated housing such as group homes. More recently efforts have been made at the state and federal level to expand housing options and to develop options, which meet individual needs and preferences such as mobile rental assistance programs. Efforts to diversify and expand housing options require that housing and human services agencies work together to change both housing and services models simultaneously. MRC funds a range of programs to assist people with disabilities to live in the community. These include:

#### *Supported Living Program*

MRC funds case management services to assist people with physical and/or cognitive disabilities to live independently in the community. Program participants select the community and type of housing they prefer. Most often the housing selected is a one or two-bedroom apartment in an assisted or public housing development. Case management services are provided to assist the participants with their move into the community and managing daily life thereafter. The number of case management

hours will depend on the individual's needs at any given time.

#### *Independent Living Centers*

MRC provides direct and pass through funding for eleven independent living centers (ILCs) across the state. ILCs are private nonprofit agencies whose Board of Directors is composed of at least 51% persons with disabilities. The ILC model is peer role modeling with many of the staff being persons with disabilities. The Massachusetts ILCs provide a number of very important housing services including:

Housing Search assistance: Using the Mass Access Housing Registry (see below) as well as other resources, the ILCs can assist people with disabilities in identifying housing in the community. The number of requests for this service far exceeds the ILCs' capacity to provide assistance.

Fair Housing Advocacy: The ILCs provide people with disabilities with assistance advocating against housing discrimination including filing complaints.

Skills Training: ILCs provide one-on-one skills training to people with disabilities in all areas of daily living including housing, transportation, and recreation.

Independent Living Supports: Some ILCs provide supports to assist people with disabilities to live independently in the community. These can include personal care assistance services and transportation services.

#### *Mass Access Housing Registry*

[www.massaccesshousingregistry.org](http://www.massaccesshousingregistry.org)

Through a nonprofit vendor, Citizens Housing and Planning (CHAPA), MRC administers the Mass Access Housing Registry. The Housing Registry is an on-line computer database listing accessible and adaptable housing statewide at [www.massaccesshousingregistry.org](http://www.massaccesshousingregistry.org). The system keeps track of available units (an average of 60 are available at any one time) and disseminates this information on-line as well as through the Independent Living Centers (above). The system has been very successful in assisting people with disabilities including homeless persons and families to locate appropriate housing. In addition to the listings of accessible housing, the site provides important housing search information and updates such as on open Section 8 lists.

#### *Statewide Head Injury Program Residential Services*

MRC's SHIP provides residential services to persons with traumatic brain injury. These services include residential placement in shared apartment settings with 24/7 staffing and shared and independent apartments with supported living services based on individual consumer needs. There is a significant waiting list for these services.

#### *Congregate Housing Programs*

MRC has worked with DHCD to reprogram underutilized congregate housing in various communities.

- SHIP worked with DHCD and the West Springfield Housing Authority to reprogram an underutilized congregate unit as shared housing for persons with head injuries. SHIP is currently working with the Northampton H.A. to develop a similar program.
- MRC also worked with the Department of Housing and Community Development to develop a program for an underutilized congregate housing facility in Marshfield. Currently, the tenants are young adults with disabilities who previously resided at the Massachusetts Hospital School are living in the development. MRC provides case management services through its Turning 22 Program to assist these consumers with PCA management and accessing other supports as needed.

#### *Home Modification Loan Program for Individuals with Disabilities*

The Home Modification Loan Program (HMLP) is a program established by the state legislature to provide loans for access modifications. The loans are designed for modifications to the principal residence of elders, adults with disabilities and families with children with disabilities. The intent of the program is to modify homes for improved access to allow people to continue to live independently in their communities. Home modification loans are made available in amounts from \$1,000 to \$25,000. The funds are available through 6 regional provider agencies. The HMLP offers two types of loans, deferred payment loans and amortizing loans, dependent upon the income of eligible households. All loans are secured by a promissory note and a mortgage lien. Nearly 200 loans had been closed as of June 30, 2002. Applications for and more information about this program are available on-line [www.state.ma.us/mrc/homemods](http://www.state.ma.us/mrc/homemods).

#### *Independent Living Program (ILP)*

As discussed elsewhere in this Plan, DHCD recently made available 130 Section 8 Housing Choice vouchers for MRC consumers including consumers working with the Independent Living Centers, persons with head injuries and other MRC consumers.

#### *Moving to Self-Sufficiency*

One of MRC's primary services is vocational rehabilitation for persons with disabilities. Through MRC's various services, over 4,000 persons are assisted in going back to work annually. With the Work Incentives Act recently passed by the federal government, it is anticipated that many more individuals with disabilities will be able to go back to work without the fear of losing important medical benefits.

### ***Other Statutory Programs Complementing Consolidated Plan Goals***

#### *Chapter 81:*

Distributions reimburse municipalities for costs incurred in the construction, maintenance, and policing of local streets and roads. The program is administered by the Massachusetts Highway Department and requests for reimbursement are approved by the Division of Local Services to ensure the community's total distribution does not exceed its expenditures. All Highway Fund distributions are made from the motor vehicle fuels excise tax. Each gallon of gasoline sold in the state is taxed 10% of its wholesale price per gallon or a minimum of \$.21 per gallon. Of the total amount collected, 7 1/2% is dedicated to Highway Fund reimbursements. Reimbursements are made on a quarterly basis. Chapter 81 highway funds totaling \$43,472,110 was budgeted for state FY 2001, \$10,868,028 was budgeted in state FY 2002. Unfortunately the FY 2003 state budget did not fund this program. For more information, contact the Mass. Highway Department at (617) 973-7830.

#### *Chapter 90:*

These funds are to be used for local roads and bridges. In FY 2002, Chapter 90 funds were budgeted at \$100 million in the Supplemental Budget (Chapter 150 of the Acts of 2000), \$50 million in capital funds in the 2000 Transportation Bond Bill (Chapter 235 of the Acts of 2000) and \$50 million in Chapter 53(C) of the Acts of 1999. FY 2003 funding has not yet been determined. Funds are provided to municipalities using a standardized distribution formula based on the number of road miles, employment and population figures and can be used to finance capital construction and reconstruction of local roads and bridges. Chapter 90 eligible projects are reimbursed 100% for actual expenses incurred. To be deemed eligible for Chapter 90 reimbursement the project must be on a state-aid designated road (i.e. not a private way), must involve construction, reconstruction or other capital improvements, approved by the district highway engineer. A Commonwealth Standard contract must be signed by both the Commissioner of MassHighway and the community's designated signatory. Please call the Executive Office of Transportation and Construction (617-973-7000).



*Municipal facilities:*

The state provides financial assistance to cities and towns for the construction or renovation of local and regional public schools through the *School Building Assistance Program* in the state's Department of Education (DOE). Communities must apply for this funding, responding to the need criteria established by DOE. Approximately \$382 million has been appropriated in FY 2003. The Department of Education is implementing the program enacted during the FY00 legislative session. In addition, the DOE is working with the School Building Assistance Advisory Board, established by the new Chapter 70B, to implement new policy goals and the new state reimbursement funding mechanism.

*Sewer Rate Relief:*

The Legislature has provided funds to water/sewer and sewer districts throughout the state to alleviate the costs to ratepayers of infrastructure improvements to water and sewer treatment operations. The amount of assistance available in FY 2003 is \$38,655,335.

**Summary Table of Projected FY 2003 Housing and  
Community Development Activities**

Table 1:

<b>Federal Program</b>	<b>Page #</b>	<b>Expected Level of Activity</b>	<b>Target Population</b>
CDBG	5	500-700 units	Low/mod households
CSBG	5	25 grants	Comm. Action Agencies
Transitional Housing	5	40 units	Public housing
Shelter +Care	5	192 units	
Dual Diagnosis	5	60 persons	Homeless, disabled
FHLB	11	50 projects	Low/mod households
HOME Multi-Family Rental	12	178 units	
Homebuyer	13	72 units	Homeowner rehab
LIHEAP	14	120,000 households	Low/mod households
HEARTWAP	14	10,000 households	Low/mod households
LIHTC	15 and 68	1,500 units	Low/mod households
MassHousing	15	61,000 units	
Demo/Dispo	16	2,193 units	Low/mod households
Section 8	16	23,498 units	Low income households
Mark-to-Market	16	1,179 units	Low income households
Housing Options Program	16	345 vouchers	Homeless, disabled
Section 811	17	48 units	Persons with AIDS
WAP	19	2,758 households	Low income households

<b>State/Other Program</b>	<b>Page #</b>	<b>Expected Level of Activity</b>	<b>Target Population</b>
<b>CEDAC</b>	21		
ALP	21	6-8 loans	
Pre-development	21	60 loans	
<b>DEP-State Revolving Fund</b>	23		Municipalities
Drinking Water Projects	23	20-25 new projects	
Clean Water Projects	23	40-50 new projects	
<b>DHCD</b>	23		
AHVP	23	800 vouchers	Low income, disabled
Capital Improvement Preservation Fund	24	165 units	Low income
Facilities Consolidation Fund	24	80 units	DMH/DMR clients
Housing Innovations	25	218 units	Very low income persons
Housing Stabilization Fund	25	326 units	Low/mod households
Local Initiative	26	389 units	Low/mod households
MRVP	27	7,800 households	
13A	26	6,873 units	Moderate, rental
MIGs	27	35 communities	Municipalities
Public Housing -Admin.	28	50,000 units	
Public Housing - Mod	28	400 projects	Very low income households
RDAL	29	\$2.2 million	
Soft Second	29	300 buyers	Low/mod households
SHARP	30	4,100 units	
<b>DMH</b>			
Housing	30	6,400 units	
<b>DMR Residential Services</b>	34	11,000 persons	
DMRVP	34	125 persons	Homeless
<b>DPH Aids Bureau</b>	36	770 units	
	36	29 programs	
<b>DSS</b>	40	1050 beds	Battered Women
SSTAP	40	39 apartments	
<b>DTA</b>	41	1,516 families/night	Homeless Prevention
		81 shelters	Families
		2,868 individuals	Homeless
<b>DVS</b>	43		
Shelters	43	220 beds	Homeless
Transitional Housing	43	465 SRO rooms	Homeless
Permanent Housing	43	125 rooms or units	Formerly homeless
<b>Elder Affairs</b>	44		
Assisted Living	44	10,194 units	Elderly
Supportive Sr. Housing	44	2882 units	Elderly
Congregate Housing	45	729 units	Elderly
<b>Public Safety</b>	48	351 grants	Community Policing
<b>MassHousing</b>	45		
Elder Choice	46	454 units	Frail Elders
Portfolio Management	45	61,149 units	
Multifamily Production	45	763 units	
Multifamily Preservation	45	3,796 units	

State/Other Program	Page #	Expected Level of Activity	Target Population
Homebuyers	46	2,000 loans	
Homebuyers Counseling	46	7,000 persons	
Home Improvement	46	40 loans	
Mortgage Insurance	46	1,900 loans	
Septic Repair	46	300 loans	
Lead abatement	46	270 loans	
<b>MHIC</b>	47	600 units	
<b>MHP</b>	47	1,350	
Technical Assistance	47	25 loans	Municipalities
Intensive Community Support	47	7 communities	Municipalities
Rental Financing	47	800 units	
Permanent Plus	47	60 units	

**(b) Activities**

***(method of distribution of HUD assistance, activities to be undertaken by the state)***

**HOME Program**

*(See also (a) "Resources" on page 12 and (f) 2. "Program-specific Requirements" on page 133).*

DHCD will continue to award funds through a competitive RFR process, with the exception of the Suburban Rental Development Pilot Production Program. DHCD will administer two of the four HOME program types: multi-family rental loans and first-time homebuyer assistance. Municipalities, non-profit agencies (including CHDOs as defined by HUD), and for-profit developers may be eligible applicants for HOME funds. A minimum of 15% of the federal FY 03 allocation will be reserved for CHDOs serving as owners, sponsors, or developers of rental production projects or project-based first-time homebuyer projects. The Director of DHCD reserves the right to consider geographic distribution in making funding decisions for the 15% CHDO set-aside. DHCD will continue its practice of encouraging CHDOs to participate in the HOME program. For more information please contact the Department of Housing and Community Development at (617) 727-7824.

**Community Development Block Grant Program**

*(See also (a) "Resources" on page 5 and (f) "Program-specific Requirements" starting on page 88.)*

In FY 2003, the bulk of the CDBG allocation, the Community Development Fund (CDF), will be distributed through a competitive application process. Access and competitiveness within CDF are affected by an assigned Community Wide Needs score, which is calculated by DHCD for all eligible communities (non-entitlement). Community Development Block Grants allow communities to use the entire range of eligible activities as authorized by Title I of the Housing and Community Development Act of 1974, as amended. We are encouraging our applicants to target their resources in a comprehensive manner.

In addition, the Ready Resource Fund, and the Massachusetts Community Capital Fund operate on a rolling application basis. Both funds are targeted to economic development activities in communities.

The Housing Development Support Program (HDSP) grants will be awarded in two competitive rounds. HDSP is designed to facilitate small project-specific affordable housing initiatives with emphasis on creation, preservation or improvement of housing units, which may not be cost-effective under other development assistance programs or with conventional financing.

**Emergency Shelter Grants**

*(See also (a) "Resources" on page 11 and (f) 3 "Program-Specific Requirements" on page 151.)*

In FY 2002 Emergency Shelter Grant funding included allocations for operations (51%), essential services (30.5%), and homeless prevention (18.5%). Agencies receiving funding for these purposes included the state's Department of Mental Health, the Department of Mental Retardation, Department of Public Health, Department of Social Services, Department of Transitional Assistance, Department of Veterans' Services, the Massachusetts Rehabilitation Commission, and the Department of Housing and Community Development. Funds were distributed to over 70 non-profit providers statewide. Funds supported emergency shelter, case management for homeless families and individuals, tenancy preservation programs, substance abuse counseling, housing search, job training, AIDS

programs, and services to homeless ex-offenders, battered women and veterans. Over 2,500 individuals and families were served.

For further information contact the EOHHS at (617) 727-7600 x406

### **Housing Opportunities for Persons With AIDS (HOPWA) Program**

*(See also (a) 1 "Resources" on page 12 and (f) 4 "Program-specific Requirements" on page 151.)*

The AIDS Bureau established a Statewide HOPWA Advisory Committee (SHAC) in 1994 when it first became eligible for formula HOPWA funds. The SHAC was created to include providers and consumers from across the state as well as representation from the city of Boston's HOPWA EMSA (eligible metropolitan statistical area) and it was expected to meet at least twice per year to provide ongoing advice to the AIDS Bureau regarding the use of the state's HOPWA funds. It became clear in late 1998 and during 1999 that the SHAC as originally constituted was diminished in its effectiveness due to attrition of staff at provider agencies, changes in the epidemic, and changes in consumers' needs; a better way to integrate the SHAC into the established system of AIDS services was needed.

During State FY 1999 the AIDS Bureau initiated a process to reconstitute the SHAC through the network of AIDS care consortia across the state funded by the state's Ryan White Title II funds. The goal of this reconstitution was to have each Ryan White consortium wholly or mostly outside the area of Boston's HOPWA EMSA (and outside of that part of the EMSA of Providence, R.I. in Massachusetts) to identify from its geographic areas representatives (both providers and consumers) to belong to the SHAC. This has not only ensure a suitable statewide representation on the SHAC but it has also ensured a planning process better integrated into the statewide network of the delivery of AIDS services generally. The SHAC also includes representation from Boston's HOPWA coordinator, from Boston's Ryan White Title I coordinator, and the coordinator for the HOPWA funds for the EMSA of Providence, R.I. that are expended in Massachusetts. The AIDS Bureau completed the process of reconstitution of the SHAC during the year 2000.

The AIDS Bureau began using its formula HOPWA funds to expand the scope of services of the CHIP Program to address the need and demand for these services by people with HIV/AIDS who are not otherwise eligible for CHIP's services. Specifically, because they do not meet the McKinney definition of "homeless" (CHIP was funded exclusively with McKinney SHP funds through December 31, 2000). This was discussed with the reconstituted SHAC during 2000 and the AIDS Bureau began using state HOPWA funds for expansion of CHIP services beginning January 1, 2001 for a minimum of one year. Additionally, a through review of the utilization, scope of service, and program design at the end of the funded period will be foundation to determine continued HOPWA funding.

The Department of Public Health (DPH) has, since 1993, encouraged providers within the various communities across the state to work cooperatively to address effectively the public health issues in their communities. It is through this effort since 1993 that DPH has bid virtually all of its contracted services; this effort is called the Community Health Network Area (CHNA) process. There are twenty-eight CHNAs in Massachusetts covering the entire state. The goal is to have all services bid through the CHNAs to enhance access to services, provide opportunities for collaboration, and to create client-centered, outcome-oriented services delivery. The CHNA RFR process was most recently undertaken in 1997; the next CHNA RFR is expected to be released in mid to late 2001 with contracts effective with July 1, 2002. All of the AIDS Bureau's housing contracts, including the contracts funded with HOPWA dollars, are included in the CHNA RFR schedule.

A process has begun among three principal funders to investigate the utility of developing a joint RFP

process of AIDS housing programs in Massachusetts. The coordination and planning for AIDS housing activities between the state (DPH's AIDS Bureau for the use of HOPWA funds) and the city of Boston (Boston's Department of Neighborhood Development (DND) for the use of HOPWA funds and Boston's Public Health Commission for the use of Ryan White Title I funds) earmarks this initiative. This joint venture would enable all three funders the opportunity to maximize the coordination of the use of their housing resources—not only federal grants such as HOPWA and Ryan White, but also other resources, such as state funds for AIDS housing activities. This process would build on the experience gained by the state and the city of Boston through the coordination of case management services in the Boston area funded by the state with Ryan White Title II funds and by Boston with Ryan White Title I funds. The hope is that such a joint effort between the state and Boston could be scheduled to coincide with the state's CHNA RFR schedule. It is anticipated that this exploration will continue during the year 2002; and that a joint venture to release a joint RFP may be released during the year 2003 for contracts starting in 2004.

For additional information, contact the AIDS Bureau of the Massachusetts Department of Public Health at (617) 624-5300.

**(c) Geographic Distribution of Funds**

All funds except CDBG resources, which are available only to HUD non-entitlement communities, are proposed to be available statewide.

The HUD entitlement communities in Massachusetts are:

Arlington	Fitchburg	Malden	Somerville
Attleboro	Framingham	Medford	Springfield
Barnstable	Gloucester	New Bedford	Taunton
Boston	Haverhill	Newton	Waltham
Brockton	Holyoke	Northampton	Westfield
Brookline	Lawrence	Pittsfield	Weymouth
Cambridge	Leominster	Plymouth	Worcester
Chicopee	Lowell	Quincy	Yarmouth
Fall River	Lynn	Salem	

DHCD will continue its past practice of seeking to competitively award HOME funds in those areas of the Commonwealth that do not receive HOME funds as a result of entitlement community or HOME consortium designation. DHCD will competitively award HOME funds for first-time homebuyer and rental loan projects in entitlement communities that provide a match for DHCD administered HOME funds.

ESG seeks to provide funds in non-entitlement areas; program guidelines set specific conditions regarding circumstances when requests from entitlement communities for state ESG funds would be considered.

The HOPWA allocation plan is as presented in the state HOPWA application submitted in the fall of 1994. The changes that have occurred since then are: the furniture fund was eliminated and never funded; the moving assistance was eliminated (and thus never funded) from the rental assistance program; and the HART program (staff capacity building) was funded only through June 30, 1999. An additional activity, the School Street Community, was funded with HOPWA funds as of August 1997 and funded through the state in FY 2003. Thus, the programs currently funded with the state's formula HOPWA grants are: 1) The CHIP/TBRA Program; 2) The Rental Assistance Programs (HPP & RSP); and 3) Foley House. All of these activities are statewide in scope except for the location-specific programs: Foley House on Cape Cod; however, both of these programs are available to any eligible resident of the Commonwealth of Massachusetts.



**(d) Homeless and Other Special Needs Activities**

*includes emergency shelter, transitional housing, homelessness prevention, housing of special populations*

The housing and community development goals presented in the 2000 Consolidated Plan include activities specific to homelessness and special needs populations. The wide variety of programs and services available through the Commonwealth's administration of federal funds and the provision of its own programs are described in the (a) "Resources," (b) "Activities," and (f) "Program Specific Requirements" sections of this Action Plan.

The Commonwealth's primary aim with regard to homeless and special needs populations continues to be ensuring that a network of services leading to greater self-sufficiency and a continuum of housing opportunities are in place for those presently homeless or at risk. Shelters are the initial focus for accessing these services and identifying more stable housing options. EOHHS and its agencies continue to support the reconfiguration of shelter models to transitional and permanent housing options for families and individuals.

**(e) Other Actions**

*Identifies additional resources and programs complementing or enhancing the Commonwealth's housing and community development objectives, including Low-Income Housing Tax Credit activity, removing barriers to affordable housing, reduction and evaluation of lead-based paint hazards, anti-poverty strategy, institutional structure, coordination among providers, and public housing resident initiatives.*

Beyond the four programs (CDBG, HOME, ESG, and HOPWA) specifically covered by this Action Plan, the Commonwealth will undertake a variety of initiatives intended to meet its housing and community development needs. Most notable among these are implementation of Executive Order 418, which was issued on January 21, 2000, and the Affordable Housing Trust fund, which was established in FY 2001.

**Executive Order 418**

Executive Order 418 requires state agencies to take two steps intended to help overcome barriers to the production of housing for households with a broad range of incomes:

1. DHCD, The Executive Office of Environmental Affairs, and the Executive Office of Transportation and Construction have made up to \$30,000 available for each Massachusetts city and town to complete a "community development plan," which is a targeted, strategic plan for the future development of a municipality, including
  - creation of new housing opportunities;
  - targeting of commercial or industrial economic development;
  - improvement of transportation infrastructure; and
  - preservation of open space.

2. DHCD, the Executive Office of Environmental Affairs, the Executive Office of Transportation and Construction, and the Department of Economic Development give preference in awarding discretionary grants to communities, which are making progress toward housing development for individuals and families which span a broad range of incomes.

DHCD designed a certification process to allow communities to receive this preference by demonstrating either (a) creation of new housing supply, either homeownership or rental, and/or b) steps taken to improve the climate for housing development, such as zoning changes allowing greater density, accessory apartments, participation in a HOME consortium or receipt of grants for low or moderate income housing development, etc. In FY2001 a total of 201 communities were certified, and in FY 2002 a total of 188 communities were certified. For more information on housing certification criteria and guidelines for FY 2003 please visit the EO 418 website at: <https://www2.massdhcd.com/e418hcportal/>

**Exhibit – Executive Order 418**



THE COMMONWEALTH OF MASSACHUSETTS

EXECUTIVE DEPARTMENT

STATE HOUSE • Boston 02133

(617) 727-3600

ARGEO PAUL CELLUCCI  
GOVERNOR

JANE SWIFT  
LIEUTENANT GOVERNOR

BY HIS EXCELLENCY

ARGEO PAUL CELLUCCI  
GOVERNOR

EXECUTIVE ORDER NO. 418

ASSISTING COMMUNITIES IN ADDRESSING  
THE HOUSING SHORTAGE

WHEREAS, the Commonwealth has enjoyed unprecedented economic growth and prosperity in the last decade;

WHEREAS, as an unfortunate consequence of this economic growth, in many of our communities there is a shortage of housing for individuals and families across a broad range of incomes; and

WHEREAS, to address the housing shortage, we need to encourage our cities and towns to create "community development plans" that identify locations for new housing opportunities while still preserving the unique character of their communities, and to provide incentives to cities and towns to expand the supply of new housing;

NOW, THEREFORE, I, Argeo Paul Cellucci, Governor of the Commonwealth of Massachusetts, by virtue of the authority vested in me as Supreme Executive Magistrate, do hereby order as follows:

The "Community Development Plan" Program

Section 1. The Secretaries of the Executive Office of Environmental Affairs and the Executive Office of Transportation and Construction (the "Secretaries") and the Director of the Department of Housing and Community Development (the "Director"), collectively, shall develop and implement a two-year program to provide technical assistance and resources to cities and towns for the purpose of creating "community development plans." A "community development plan" is a comprehensive, strategic

plan for the future development of a city or town, and shall include, among other things, plans for:

- where the community will create new housing opportunities;
- where it will target commercial or industrial economic development (if any);
- how it will improve its transportation infrastructure (or how its existing infrastructure will handle any growth); and
- where and how it will preserve open space.

As part of this program, I hereby direct the Secretaries and the Director, through their respective secretariats and department, to provide assistance to any city or town seeking to create such a plan. Such assistance may include the provision of in-kind services or discretionary funds where appropriate. In no event shall the value of the services and funds provided to any individual city or town for this purpose exceed \$30,000. In developing the program, the Secretaries and the Director also shall assist cities and towns seeking to create "regional development plans" that plan for new housing and open space on a regional basis.

The Secretaries and the Director shall develop and implement this program within forty-five days of this Executive Order and shall report to the Governor every three months on its status. Such report shall include which cities and towns have received assistance and their progress in developing their respective plans.

#### Priority in Distribution of Discretionary Funds

Section 2. The Secretaries and the Director each shall develop and implement a program to give priority in awarding discretionary funds to those cities and towns that the Director of Housing and Community Development has determined are taking steps to increase the supply of housing for individuals and families across a broad range of incomes. Such steps could include:

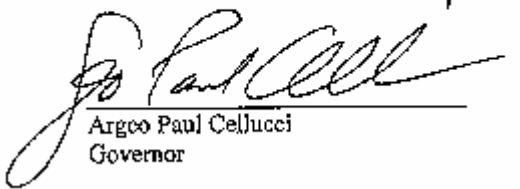
- adopting revisions to local zoning or land use regulations that provide for more intensive housing development, such as, duplexes, accessory apartments, mixed uses of buildings or sites, or multi-family housing;
- adopting incentive zoning provisions, such as density bonuses for deed-restricted units for low- and moderate-income households;
- streamlining the housing permitting process;
- providing money or land to underwrite the cost of developing housing for low and moderate-income households; and

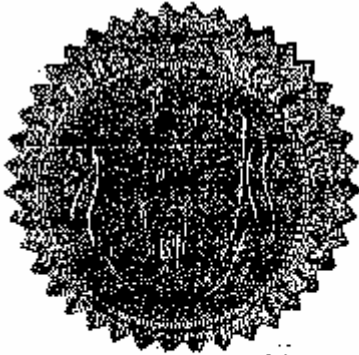
- increasing the supply of housing for low- and moderate-income households by some percentage over existing levels.

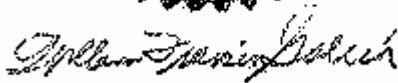
As with the community development plans, the programs also should include cities and towns that choose to adopt a regional approach to creating new housing opportunities.

Each program shall be developed and implemented within forty-five days of this Executive Order. The Secretaries and the Director shall provide the Governor with a description of the programs at the expiration of the 45-day period.

Given at the Executive Chamber in  
Boston this 21<sup>st</sup> day of January in the  
year two thousand.

  
Argeo Paul Cellucci  
Governor





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William Francis Galvin  
Secretary of the Commonwealth

GOD SAVE THE COMMONWEALTH OF MASSACHUSETTS

## **The Affordable Housing Trust Fund**

The Massachusetts Affordable Housing Trust Fund ("AHTF") was established pursuant to Chapter 121D of the Massachusetts General Laws ("the statute.") The AHTF provides resources to create or preserve affordable housing throughout the state for households whose incomes are not more than 110% of median income, as determined by the U.S. Department of Housing and Urban Development (HUD). The AHTF is funded at \$20,000,000 per year for five years (State Fiscal Years 2001 - 2005) from the state's general fund and is not subject to on-going appropriations.

The AHTF is now entering its third year of activity. In the first two years, \$40 million in Affordable Housing Trust Funds have been awarded to 42 projects throughout the Commonwealth. These projects will provide a total of 2,018 housing units, of which 1,513 units will be affordable. As of July 1, 2002, 18 projects with Affordable Housing Trust Funds were under construction, representing over 700 housing units.

### **Preferences**

- Developments that produce "new" affordable housing units.
- Developments that create units affordable to households with a range of incomes, with a special emphasis on units for households with incomes below 80% of the area's median income.
- Developments that include affordable units for families.
- Developments that include affordable units for the disabled and the homeless.
- Projects that propose the longest term of affordability. The minimum period of affordability for projects receiving AHTF funding is 30 years.
- Projects that are sponsored by non-profit organizations.
- Projects that use private funding sources and non-state funding sources to leverage the least amount of AHTF funds.

## **Low-Income Housing Tax Credit Activity**

DHCD expects to create or preserve 1,500 units of housing with tax credits allocated in calendar year 2002. DHCD has identified tax credit priorities in harmony with the housing priorities identified in the 2000 Consolidated Plan. In the 2002 Qualified Allocation Plan, provision is made to give consideration to projects that fulfill several Consolidated Plan priorities, including:

- expansion of the supply of housing affordable to a broad range of incomes
- preserving the affordability of developments at risk of expiring use and Section 8 opt-out
- linking affordable housing with plans to help residents access services
- special needs housing, including assisted housing for the elderly.

DHCD holds two competitive funding rounds each year. For calendar 2002, applications for the first round were due on February 7, 2002, and second round applications were due on September 5, 2002.

For additional discussion of the coordination of Low Income Housing Tax Credits with Consolidated Plan priorities, see Chapter 9 of the Consolidated Plan. For more information, please call the Department of Housing and Community Development at (617) 727-7824.

## **Removing Barriers to Affordable Housing**

### **Nature Of Barriers**

In Massachusetts, several barriers to the development of affordable housing exist. Some of these barriers are unique to affordable housing. Others apply to housing development generally.

The economics of housing development in Massachusetts dictate that new housing affordable to low and moderate income persons cannot be produced without some source of subsidy; the costs of development are simply too high to permit rents or purchase prices low enough for households at or below 80% or 100% of median income.

Some of these development costs arise out of fundamental conditions. High construction costs are one of these fundamental cost drivers. The most geographically variable construction cost component is labor cost. Massachusetts is a high wage state that normally has a comparatively high cost for construction labor. This cost has been driven even higher by the current economic prosperity in the state. Prosperity has resulted in tightness in the labor market, which inflates the wages that workers can command. It has also resulted in increased construction activity in the last few years as businesses expand and homeowners undertake house additions and renovations at the same time that government has been doing substantial construction – most notably the Central Artery/Tunnel project and new schools across the Commonwealth. The increased construction activity in all sectors has driven the prices demanded by contractors even higher.

An even more important fundamental housing cost driver is the cost of land. The eastern half of Massachusetts, where housing price increases have been most dramatic, is relatively densely settled, and land suitable for residential development is scarcer than in many other areas of the country. This natural scarcity inflates land values and, since the cost of land is a significant portion of the cost of development, results in higher cost for new units.

But the very high cost of housing development is not solely attributable to geography. Some patterns of land use regulation have contributed as well, by limiting the locations where residential development can occur and the efficiency with which land can be used. Examples of such regulations are excessive minimum lot sizes, frontages, and setbacks, as well as unnecessary restrictions on acceptable lot shapes.

An additional impediment to development is the process of obtaining all necessary permits. Processes created to allow for due consideration of relevant issues raised by a development project can be and too often are abused to delay the project. Even when the needed permits are ultimately obtained, the delay results in unnecessarily increased costs. In addition, the risk of an unpredictable delay can prevent development by making it impossible to obtain and retain site control for a period that can sometimes last several years for a larger project. Finally, some communities have adopted outright -- and low -- limits on the number of new residential building permits they will issue in a given year.

Building codes and the way that they are applied imposes another set of costs. This is especially true for the renovation of existing structures. It has been suggested that the application of building requirements to rehabilitation projects can cause excessive costs. The Massachusetts Building Code attempts to address this concern by laying out rules that match the extent of requirements to the scope and size of the project. Its intent is to require that rehabilitation work introduce no new safety risks and that only improvements that can be achieved at reasonable expense relative to their benefit be required. However, builders have suggested that some requirements are still unreasonably expensive and that the state building code is not uniformly interpreted and administered by building

inspectors, who work for and at the local level of government. As a result, builders doing rehabilitation projects fear that particular inspectors' understanding of the code or their predispositions of how to enforce it could result in unexpected costs.

Finally, an aspect of each of the development impediments discussed above is local discretion. Massachusetts has several centuries of history, a constitution, and laws that ensure local control of a wide variety of decisions, including most of the government decisions surrounding development. Zoning ordinances are adopted by town meetings or city councils. Zoning and land use regulations are enforced by local building inspectors, subject to appeal to local zoning boards of appeal. Local conservation commissions and their inspectors enforce state environmental law and regulations, as well as any additional local regulations, at least initially. Local public works and water departments and water and sewer districts enforce local standards for road, water, and sewer construction.

As a result, communities may act to promote or defend their local interests in a manner that does not take into account statewide interests, including the importance of maintaining housing affordability. They do so by obstructing residential development projects that they view as having undesirable local impacts. Often in response to vocal abutters, local officials can, decision by decision, reject or sufficiently complicate and inflate the cost of projects in a manner that cumulatively contributes to the imbalance of housing supply and demand that has driven housing prices to their current high levels. Indeed, major national developers of multifamily properties have indicated that they believe their investments in Massachusetts are safe and sound, not only because rents are high, but also because they can rely on high entry barriers imposed by regulation and the way communities respond to local opposition to prevent competition from forcing down their rents and profits.

Several of the most prominent economists who have studied land use, including Anthony Downs of the Brookings Institute and William Fischel of Dartmouth College, cite local regulations as the greatest single cost driver that impedes housing supply growth. They estimate such restrictions increase costs by as much as 30% to 50%.<sup>1,2</sup> Analysis by the Executive Office for Environmental Affairs indicates that local regulations require new development to have 50% less density on average than existing development in the same community.

Market economics would indicate that when prices for a good increase, producers should respond by increasing the supply of that good that they offer; higher prices (including real estate rents) make a greater number of projects, with their particular costs structures, viable. The impediments to residential development, however, have combined to prevent the housing market from responding to price increases in the manner that they should. Rather than increase commensurate with the increase in demand for housing, the number of housing starts has remained fairly stagnant, averaging 17,612 units per year over the last decade. Though the number of housing starts in Massachusetts increased by 12% in 1998, (to 19,254 units), there has been a decrease in the three subsequent years. The number of housing starts in Massachusetts actually dropped in 1999, 2000, and 2001 by 1.5 %, 5.1 %, and 5.4% respectively<sup>3</sup>. In 2001 Massachusetts ranked 47<sup>th</sup> of the 50 states in building permits per capita, dropping from its rank of 46<sup>th</sup> the previous year.<sup>4</sup> The predictable result of this supply constraint in the face of great demand has been significant increases in real estate prices and

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<sup>1</sup> Margery Austin Turner and G. Thomas Kingsley, "Housing Markets and Residential Mobility," 1993, The Urban Institute Press: Washington, DC, p. 261

<sup>2</sup> William A. Fishel, "Do Growth Controls Matter? A Review of Empirical Evidence on the Effectiveness and Efficiency of Local Government Land Use Regulation," Lincoln Institute of Land Policy, 1990, p. 29

<sup>3</sup> US Bureau of the Census

<sup>4</sup> US Bureau of the Census



rents. Massachusetts housing prices rose 10.99% in the twelve months ending December 30, 2001, a much greater increase than the 6.3% rate of increase for the nation as a whole.<sup>5</sup>

### **Strategy For Addressing Barriers**

While localities exert control over the issues listed above, the state is undertaking initiatives to help communities approach residential development more positively. Executive Order 418 (see exhibit beginning on page 64) requires state agencies to make available \$9 million for localities to fund community development plans that take into account housing development, transportation, and open space. In addition, Executive Order 418 directs the Executive Office of Environmental Affairs, the Executive Office of Transportation and Construction, the Department of Housing and Community Development, and the Department of Economic Development to give preference in awarding discretionary grants to communities that demonstrate progress in addressing the need for housing for a broad range of incomes. Communities can initially demonstrate this progress by implementing measures that improve the climate for housing development, including zoning and other regulatory changes, which ultimately lead to the production of units.

In addition, a special commission was established to analyze government imposed barriers to residential development and to recommend to the governor specific legislative regulatory, policy and operational changes at the state and local level. This Special Commission on Barriers to Housing Development (The Commission) examined building codes (especially in terms of their application to the renovation or rehabilitation of properties) and the way they are locally enforced, zoning, aspects of tenant-landlord law, and the application of environmental requirements. The Commission also analyzed whether delays or conflicting standards are present in the enforcement process of the state code.

The Report of the Governors Special Commission on Barriers to Housing Development was presented to Governor Swift in January of 2002. Since then, the Governor has taken a number of actions to implement The Commission's recommendations. Governor Swift issued an Executive Order to create a code coordinating council at the state level to coordinate the building and specialty codes, and create a forum for discussing the processes for the promulgation of regulations, licensing, inspections, and appeals. In addition, the Governor directed the Department of Environmental Protection to modify its regulations to provide for the implementation of slower percolation rates, not more than 60 seconds, under the general provisions of Title 5. The Governor has also taken steps to establish the requirement of DEP review and approval of all local bylaws in excess of Title 5.

The Department of Housing and Community Development is working with members of the affordable housing community to re-examine and improve the effectiveness of an existing powerful tool for affordable housing development: the comprehensive permit, authorized by Chapter 40B of the Massachusetts General Laws. The comprehensive permit may be issued by a local zoning board of appeals (ZBA) once a project eligibility letter (also known as a site approval letter) has been issued by a state or federal subsidizing agency allowing an affordable housing development to be built, notwithstanding zoning, land use, and other local (but not state) ordinances and regulations. If a comprehensive permit is rejected in a community in which less than 10% of total housing units are listed on the state's Subsidized Housing Inventory, the developer may appeal the decision of the ZBA to the state Housing Appeals Committee, which can order a comprehensive permit to issue. DHCD recently promulgated new Chapter 40B regulations which balance the concerns of developers of affordable housing with those of local communities.

All of these steps are being taken in recognition of housing affordability's vital importance to the quality of life of all but the most affluent households, and to the continuing economic competitiveness

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<sup>5</sup> Repeat Sales Home Price Index, Fannie Mae and Freddie Mac.

of the state. The Commonwealth will continue its efforts to ameliorate the negative, restrictive effects of government policy on housing development for individuals and families across a broad range of incomes.

## **Evaluation and Reduction of Lead-Based Paint Hazards**

### **Introduction**

Since 1987, when the state instituted a proactive lead law that required owners to inspect and “delead” all units where children under six resided, the incidence of childhood lead poisoning in Massachusetts has declined significantly. Prior to this “modern” lead law, there were well over 1,000 children statewide that became lead poisoned each year (25 mcg/dl<sup>6</sup> as defined by state regulations). In 2001, there were 159 cases of childhood from lead poisoning, representing a more than five-fold decrease in incidence rates. The statewide lead poisoning incidence rate now stands at 1.3 children per thousand.

However, exposure to lead in the home environment continues to present problems for residents of older, deteriorated housing. An additional 159 children had blood lead levels that exceeded 20 mcg/dl, an added 426 exceeded 15 mcg/dl, and over 900 reportedly exceeded 10 mcg/dl (reporting at 10 mcg/dl is not as consistent as it is at higher levels). The ingestion of lead by young children is still prevalent in certain high-risk areas of the Commonwealth, predominantly older cities where the Commonwealth’s lowest income residents are able to find affordable housing. Although exposure is typically at lower levels, it is now known that these levels can cause developmental delays and behavioral effects. The US Center for Disease Control has characterized them as “levels of concern” requiring environmental and medical intervention.

The Massachusetts Department of Public Health (DPH) has primary responsibility under Massachusetts law to educate the public about these hazards and to ensure that affected children receive the interventions that are needed, including mandatory blood lead testing, inspection and deleading. Massachusetts lead law and related regulations comprise a comprehensive system of primary and secondary interventions, including:

- Mandatory blood lead testing and reporting, enabling identification of high-risk areas.
- A well-funded (approximately \$1 million annually) public education campaign through the Lead Education Trust Fund that’s supports 8-10 regional groups that target high-risk areas.
- Preventive inspections and enforcement through local housing code, officials, special state inspectors and housing courts.
- Mandatory training and licensing of inspectors and deleading contractors.
- Case management of affected children by lead nurses and counselors.
- Strict liability for owners of real property, promoting the deleading of all housing units occupied by families with children under the age of six.
- Mandatory notification of lead hazards upon sale or lease-up. The state notification system has been reviewed and accepted by the USEPA.
- Public funding for low and moderate income homeowners seeking to delead through all of the state and federal affordable housing programs, the state supported get The Lead Out Program and the Massachusetts Lead abatement Program (HUD Lead Hazard Control Program Round 6 grant).
- A state Tax Credit of \$1500 per unit.

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<sup>6</sup> Mcg/dl = micrograms per deciliter

In Massachusetts, deleading means that accessible, protruding and impact surfaces with lead-based paint (measured by XRF at 1.2 cm/ft<sup>2</sup> or using a sodium sulfide solution) must be treated. A variety of methods are permitted depending on the surface, including component replacement, covering with durable materials, paint removal, and coating with state-approved liquid encapsulants. On less hazardous surfaces, paint stabilization is permitted. Owners are responsible for continuing compliance in units where some lead paint may remain in-place.

### **Data Analysis**

The data available in Massachusetts is quite extensive, especially for blood lead levels by community and region. Under the Massachusetts lead law, every child under the age of four must be blood lead tested, and children in defined housing risk situations must be tested until six years of age. All results must be reported to Massachusetts Department of Public Health/Childhood Lead Poisoning Prevention Program (DPH/CLPPP) where it is entered in databases and analyzed by a staff epidemiologist. In 2001, 76% of children between the ages of nine months and four years old were tested, a statewide “penetration rate” that is among the highest in the nation. Approximately, 56% of all children up to age six were tested. The vast majority of these children are tested in the course of routine health care examinations (in their doctor’s office)—an approach which has been advocated and supported by DPH/CLPPP since 1971. Further, by state law, each child must produce a certificate of testing upon entry to kindergarten. This data is used to identify geographic areas in the Commonwealth where rates are highest, as well as to identify children at lower levels of concern to be assigned to the state’s case management system. Certain state resources are targeted to high-risk areas using this data, including the community education resources derived through the Lead Education Trust Fund and the low-cost, deferred loans available through the Get The Lead Out Program.

In addition, the DPH/CLPPP maintains separate databases that track lead inspections, deleading notifications, and units with certificates of compliance. In FY 2001, as part of a substantial upgrading of data systems, these databases were upgraded and integrated to produce, among other outputs, a Registry of Lead-Safe Units.

An estimate of Massachusetts dwellings that contain lead based paint can be derived from HUD’s “Report on the National Survey of Lead-Based Paint in Housing”. Given that Massachusetts has the highest percentage of pre-1950 housing stock in the nation at 47% statewide, it can be reliably estimated that at least 75% of the housing units in Massachusetts contain some lead paint, with the percentage in some older cities, with pre-1950 housing at typically 70%-90% of the housing stock, at somewhat higher rates.

### **Analysis of Lead Paint Hazards**

HUD’s guidance on the number of dwelling units with lead based paint hazards relies on its 1995 national study of lead based paint in housing, titled “Report on the National Survey of Lead-Based Paint in Housing.”<sup>7</sup> Using HUD’s formula, the Figure 5-1 summarizes the estimates of the potential number of Massachusetts housing units with some level of lead hazard.

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<sup>7</sup> “Report on the National Survey of Lead-Based Paint in Housing”, Department of Housing and Urban Development, 1995.

**Figure 0-1: Estimates of Potential Lead Based Paint Presence in Massachusetts Housing<sup>8</sup>**

<b>Age of Unit</b>	<b>Total # Units</b>	<b>HUD Estimated % of Units with lead based paint</b>	<b>Estimated number of units with lead based paint present</b>	<b>Estimated number of units occupied by low and very low income families (1990 census)</b>
Pre-1940	960,742	90%	864,668	319,927
1940-1959	506,355	80%	405,084	149,881
1960-1979	664,989	62%	412,293	152,548
Total Pre-1980	2,132,086		1,682,045	622,357
1980-1990	340,625	0%		
Est. 1990-2000	443,082	0%		
Total Units	2,915,793	58%	1,682,045	622,357

However, these are potential hazardous units and do not take into account the number of units in which the lead-based paint hazards have already been abated. DPH/CLPPP records for the period 1995-2000 indicate that about 18,000 units are being inspected each year, with over 4,000 units being treated each year. Given that the Massachusetts Lead Law cuts across all state and federal programs, and is applicable in any public or private housing where children under six reside, and considering the significant level of rehabilitation activity in the 1980s and 1990s, there has been a substantial and consistent reduction in the number of units that have not been deleaded or otherwise treated so that they are lead-safe. In the last five years, consistent records have been kept and it can be conservatively estimated that over 110,000 units have been brought into compliance with the regulatory requirements. It is likely that many units were complied through renovations. In the period of 1995-2000, 87,550 units were inspection reports were filed with DPH/CLPP, with 23,047 units found lead-safe on initial inspection (presumably as a result of renovations), 8,946 achieving a Reoccupancy Certificate (an initial stage after deleading), and 7,978 attaining a Letter of Full Deleading Compliance (the final, complete stage required under state regulations).

While lead hazards remain to be addressed, the incidence of childhood lead poisoning in Massachusetts has dramatically decreased over the past decade. This progress is, in part, attributable to the state's comprehensive system of intervention. The Figure 5-2 shows the extent of this decline over a broad range of relevant blood lead levels.

<sup>8</sup> HUD estimates that 90% of units built prior to 1940, 80% built between 1940 and 1959 and 62% built between 1960 and 1979 contain some lead based paint. This table applies these formulae to 1990 census data.

# Incidence of Lead Levels in Children 0-6 Years Old Screened in Massachusetts<sup>9</sup>

Year	Moderate Risk (15-19 mcg/dl)		Immediate Risk (20-24 mcg/dl)		Poisoned (25+ mcg/dl)	
	Cases	Ratex 1000	Cases	Ratex 1000	Cases	Ratex 1000
1987					1,001	5.5
1988					838	4.2
1989					776	3.5
1990					846	3.7
1991					869	3
1992					767	2.5
1993			120		770	2.7
1994			661	2.3	599	2.1
1995			650	2.3	522	1.8
1996			510	1.9	385	1.4
1997			426	1.6	365	1.4
1998	957	3.7	372	1.4	268	1
1999	707	2.8	279	1.1	231	0.9
2000	559	2.2	258	1.0	201	0.8
2001	426	1.7	159	0.7	159	0.7

Licensed inspectors must file a copy of each inspection report to the DPH/CLPPP. Figure 5-3 shows the number of inspections and resulting deleading notifications in recent years.<sup>10</sup>

**Figure 0-2: Lead Inspections**

Year	State Inspections	Private Inspections <sup>11</sup>	Deleading Notification
1994	651	17,240	3,928
1995	584	17,975	4,211
1996	483	18,381	4,298
1997	458	14,378	4,966
1998	382	12,557	4,436
Total	2,558	80,531	21,839
% of Total Units	1%	3%	1%
% of Total Pre-1980 Units	1%	4%	1%

In summary, the statistical evidence strongly suggests that after fifteen years of the nation's most stringent and comprehensive lead law, Massachusetts has made substantial progress in reducing childhood lead poisoning although there is still an ongoing problem in some older urban areas with significant concentrations of pre-1950 housing and low-income households. Based on the percentage of pre-1950 housing, the incidence of lead poisoning, and in some if the percentage of low-income population, the DPH/CLPPP currently classifies 21 cities and towns as high-risk communities for lead-based paint hazards.<sup>12</sup> Nearly two-thirds of the Commonwealth's low-income children live in these

<sup>9</sup> Ibid. mcg/dl means microgram per deciliter. Ratex is the rate per 1000. Missing data for moderate and high-risk categories, is uncollected data or extremely difficult to access.

<sup>10</sup> The gap between inspection and notifications cannot be entirely explained. It could be the result of rehabilitation and subsequent deleading; no children under 6 are present; or no deleading was performed.

<sup>11</sup> When inspections are done by private inspectors, the results are also kept in the state central database, if reported.

<sup>12</sup> Department of Public Health, January 2000.

cities, and they accounted for nearly three-fourths of all cases of elevated blood lead (EBL) levels (BPb>15 mcg/dl) -- nearly 8,000 of the 13,000 EBL children identified statewide over the period from 1994-1999. It is necessary to continue to focus resources in these areas to make further progress.<sup>13</sup> Figure 5-4 lists these high-risk cities and towns.

**Figure 0-3: High Risk Communities for Lead Poisoning- January 2000<sup>14</sup>**

Community	5 Year Cases	Rate (Cases x 1000)	% Low Income	% Pre-1950 Housing	Adjusted Rate	% Screened	Entitlement or Non-entitlement Community
Attleboro	27	2.8	2.5	36%	42%	76%	E
Boston	566	4.3	8	48%	67%	92%	E
Brockton	147	5.9	7.2	46%	46%	83%	E
Cambridge	26	1.9	3.1	40%	71%	76%	E
Chelsea	37	2.9	5.1	48%	64%	95%	NE
Chicopee	15	2	2.2	43%	44%	55%	E
Everett	17	2.4	4.6	45%	76%	68%	NE
Fall River	36	1.6	3.4	56%	66%	80%	E
Fitchburg	47	6	10.7	50%	62%	67%	E
Haverhill	63	5.1	6.3	39%	55%	65%	E
Holyoke	64	5.4	8.8	53%	53%	76%	E
Lawrence	157	7	14.4	62%	58%	71%	E
Lowell	99	3.8	5.8	50%	53%	70%	E
Lynn	133	5.1	9.6	50%	66%	87%	E
Malden	31	3.2	4.3	40%	59%	64%	E
Medford	24	2.8	4	35%	71%	70%	E
New Bedford	87	3.6	7.6	56%	66%	88%	E
Pittsfield	29	2.8	4.4	45%	61%	94%	E
Revere	22	2.2	2.5	45%	44%	77%	NE
Salem	24	2.6	4	43%	64%	96%	E
Somerville	37	2.6	4.9	42%	79%	87%	E
Springfield	163	4.9	7.3	50%	52%	62%	E
Worcester	134	4.2	6.9	49%	58%	66%	E
MA High Risk	1,985	4.1		79%		62%	
Massachusetts	2,713	2.2	37	47%		71%	

Note:

Only those communities with at least 15 cases and their adjusted rate no less than the state rate of 2.2 during this five-year period have been included.

5yr Cases = Number of newly confirmed cases with blood levels 20 mcg/do or above (children 6 months to 6 years of age) identified between July 1, 1994 and June 30, 1999.

<sup>13</sup> These had at least 20 cases of poisoning and were where the average number of cases screened adjusted for the percentage of households of low or moderate income were above the state average and were adjusted for the percentage of houses built before 1950.

<sup>14</sup> Massachusetts Department of Public Health website, May 2000.

Rate (Cases X 1000) = (5yr Cases) / (children screened during this period) \* 1000.

%Low Income = Percentage of households with low or moderate income.

%Pre-1950 = Percentage of housing units built prior to 1950.

Adjusted Rate = (Rate) \* (%Low Income/37) \* (% Pre-1950/47).

%Screened = Percent of children 9 months to 4 years of age tested for lead poisoning during this period using 2000 Census population estimates (some communities have a percentage above 100 because the population is underestimated).

### **Lead Based Paint Strategies**

Currently, the HUD "Title X" regulations on lead based paint will become effective on September 10, 2001. Many requirements of these new federal provisions are already being met as a result of the Massachusetts lead law. An estimated 10,000 units annually are being deleaded, or certified lead-safe as a result of inspections done by state-licensed inspectors. In the public sector, all state family public housing units have been deleaded, at a cost of approximately \$30 million in state-appropriated funds. Further, all substantially renovated "family" (one bedroom or larger) units in DHCD's state and federal housing programs, including the federal HOME, CDBG, and Tax Credit programs, and the state Housing Innovations Fund, Housing Stabilization Fund and Tax Credit programs are being deleaded to meet the state's requirements. Finally, all public assisted leased housing units--there are both state and federal programs ongoing in Massachusetts--are required to be deleaded whenever children under six are present. This action exactly matches the requirement in the new HUD regulations.

In 2001 and 2002, DHCD undertook a review of state requirements relative to the new federal requirements, obtained clarification from HUD on problem areas, and trained subgrantees to implement the new systems and procedures that are required. Further, through the Mass Department of Public Health Childhood Lead Poisoning Prevention Program (DPH/CLPPP), a training curricula for risk assessments was developed and all licensed inspectors in Massachusetts were required to attend risk assessment training in FY 2002.

In addition, the state also intends to continue to implement and refine the implementation of the Massachusetts Lead Law, targeting high-risk communities, including the following activities:

- Mandatory, universal blood testing of young children and central reporting to DPH/CLPPP. Review and analysis of results and dissemination of public information on high-risk areas. Identification of EBL and lead poisoned children per CDC Guidelines. Referral to state supported case managers and lead nurses.
- Low cost analysis of blood lead samples through the State Laboratory Institute.
- The training and licensing system for inspectors and contractors by DPH/CLPPP and the state's Department of Labor and Workforce Development (DLWD).
- Public education activities funded through the Lead Education Trust Fund and coordinated through the state-supported Lead Educator at DPH/CLPPP. Include 8-10 local groups that focus on public education in designated high-risk areas.
- Testing and registration of liquid encapsulants by DPH/CLPPP.
- Case management of all children with blood lead levels of 15 micrograms/deciliter. Development of new data systems to identify and case manage children with blood lead levels of 10 micrograms/deciliter. Includes home visits by lead counselors and health care follow-up by "lead" nurses (both supported by state).

- Enforcement through local housing officials, public inspectors and housing courts. DPH/CLPPP provides public lead inspectors, training for local building officials to perform Lead Determinations (there are over 200 trained at present), and legal services for bringing cases to court.
- Maintenance and improvement of central databases at DPH/CLPPP, including development of a Registry of Lead-Safe units.
- Revisions to existing regulations to lower the cost in deleading, including moderate risk and low risk deleading regulations permitting lead-safe contractors and owners to perform some types work after training and certification. Implementation of moderate and low-risk regulations through training and public education.
- 0%, deferred payment loans through the \$4.5 million (FY 2001) Get The Lead Out Program administered by DHCD and the Mass Housing Finance Agency.
- Continuation of the state deleading tax credit of \$1500 per unit.
- Continuation of the HUD-supported Massachusetts Lead Abatement Program (III), focused on providing additional funds to HOME, CDBG and state-supported Housing Stabilization Fund, Housing Innovations Fund, state Tax Credit affordable housing projects.

These actions extend well beyond the requirements of the new HUD Regulations or the other lead activities that are undertaken in the context of the HUD programs discussed herein. They will result in deleading of thousands of private and public housing units as a result of state and private investment in childhood lead poisoning prevention, in most cases without a federal contribution. Further, these actions are targeted at the units and areas where the evidence strongly suggests that additional investment and support is needed to protect children.

*Use Massachusetts Lead Abatement Program III in conjunction with HOME and Housing Stabilization Fund.*

As of January 1, 2000, DHCD began implementation of a Round Six Lead Hazard Control Grant Program grant, known as the Lead-Safe HOME/HSF Program. Originally, the program provided supplemental grant funds for lead activities to agencies developing or renovating low-income housing through the DHCD HOME or Housing Stabilization Fund (HSF) programs. A total of \$850,000 is available for grants. In June 2000, DHCD extended this program to the state-supported Housing Innovations Fund (HIF) as well. Applicants may apply for funding of up to \$7,500 per unit. The requirements of the Massachusetts Lead Law must be met for all projects. Upon completion, all units must attain a Letter of Final Deleading Compliance in conformance with the Massachusetts Lead Law. Although it has been DHCD's policy for the past few years to require compliance with the Massachusetts Lead Law for all HOME, HSF and HIF projects, MLAP III provides additional incentive for all recipients to comply with the new HUD lead regulations and to develop of lead-safe units that are affordable to low-income residents long-term (for at least the next 20 years). To date, \$850,000 has been committed in this grant program, with an estimate 120 units to be abated by 12/31/02.

The state will continue its efforts to ensure that adequate financial assistance is available for inspection and abatement of units in which low-income owners and tenants reside or are expected to reside. The Commonwealth's Get The Lead Out Program (GTLO), providing 0%, deferred payment loans for deleading to low and moderate income homeowners, and 3% loans to investors, remains available for FY 2003. The state will continue policies that require lead work in the context of affordable housing development, including renovation projects funded through the state's (federally funded) HOME and CDBG programs, as well as all of the state-funded affordable housing programs such as the Low-Income Housing Tax Credit, Housing Stabilization Fund, and Housing Innovations Fund programs.



*Get the Lead Out Loans and State Tax Credit*

The state intends to continue state funding for low-cost loans for lead inspection and abatement, especially through the MassHousing/DHCD Get The Lead Out Program. This program provides state funds for MassHousing to purchase lead abatement loans originated by designated lenders. From the program's inception in 1994 until July 2000, approximately \$35 million has been loaned to over 1900 low- and moderate-income borrowers resulting in over 4,000 units being deleaded.

In addition, the state permits a tax credit of \$1500 per unit for units brought into compliance with the state deleading requirements. Over the past few years, approximately \$4 million per year in credits has been taken by eligible owners. To date, in excess of \$28 million in credits has been taken by Massachusetts's taxpayers. Although it is not likely that these tax credits benefit low-income owner-occupants to a great extent (these owners are not likely to have extensive tax liability), it is very likely that they do benefit low and moderate income tenants significantly since their landlords are likely to have tax liability.

*Deleading of State-Aided Family Public Housing*

DHCD will continue its aggressive program of deleading state-aided family public housing units. Since 1992, DHCD has funded the abatement of lead hazards in its 14,043 family public housing units. This deleading work triggered other related modernization work when it was determined that it was more cost effective to replace some building components rather than delead them. Indeed, for some components (e.g. windows, stair ballusters, railings, etc.) simply removing the lead paint from the surface of a component is not a practical option. Often the most feasible and cost-effective abatement method is to replace some components in their entirety. Based on current estimates, the total cost of this abatement and related work will approximate \$140 million. To date, lead paint abatement work is complete in 8,371 units. Another 4,014 units are currently in process at some stage between initial testing and construction. The state expects to complete the deleading of all its state-aided family public housing units during the effective period of this consolidated plan.

*Deleading of Private Housing*

The state's lead program is substantially targeted to high risk communities, particularly to the rental housing stock in those communities where low- and moderate- income households are likely to reside in units with significant hazards. All of the units where EBL children are identified will be entered in the state case management system, which often results in an Order to Correct being issued. In addition, local code officials trained as "lead determinators" will continue to conduct preliminary lead inspections and order full-scale inspections where needed. Finally, targeted public education campaigns will continue and state lead counselors will continue to assist any Massachusetts citizen seeking a lead safe home.

**Anti-poverty strategy**

**Summary**

Anti-poverty strategies are an integral part of program design, development and implementation throughout the Department of Housing and Community Development (DHCD). The Department recognizes that the approach to mitigating the causes and effects of poverty must be incremental and sustaining. It is only through this method that self-sufficiency can be attained.

Anti-poverty strategies initiated by DHCD involve the development and implementation of both human service and economic development activities which assist economically disadvantaged persons in identifying problems and their causes, and then developing plans to overcome these barriers.

The desired outcome of these activities is to achieve the highest level of family and community self-sufficiency. The objective is to empower low-income families to thrive with minimal dependence on “public assistance”. Ultimately, anti-poverty strategies result in the revitalization of communities in way that ensures their economic viability as well as their environmental and social vitality.

DHCD programs and policies seek to address the full spectrum of problems facing low-income families and communities. The Commonwealth’s fiscal policies, (particularly the state income tax,) have been developed to help alleviate the disproportionate financial burden of the working poor, and support DHCD’s initiatives.

The responsibility for mitigating the causes of poverty does not rest solely with DHCD. To carry out this “mission”, DHCD collaborates with a variety of resources within the community as well as other state agencies, to provide comprehensive programs within every community in the Commonwealth of Massachusetts.

### **Welfare Reform**

In 1995 the Commonwealth of Massachusetts through legislative mandate reformed its welfare system, now known as Transitional Aid to Families with Dependent Children (TAFDC) program, with a primary objective of assisting recipients make the transition from welfare to work. The reforms include financial work incentives and strict work requirements.

Before welfare reform, the workforce development system in Massachusetts was designed primarily for “pre-employment” preparation for welfare recipients and other economically disadvantaged individuals. Traditionally, an individual would first receive assessment services to identify areas of occupational interest, and the academic skills needed to achieve occupational goals.

Due to the enactment of welfare reform, the workforce development system began to reshape the provisions of its service to a “work first” system. This new approach, which is based upon the philosophy that the best preparation for work is work itself, shifts the focus from education and training to immediate job readiness. Under this approach, job placement is a first step to economic self sufficiency.

To help former TAFDC recipients become more financially secure, the Commonwealth provides health and employment-related income support such as MassHealth coverage (Massachusetts Medicaid program), child support, food stamps, rent subsidies, and similar types of assistance, which help families achieve greater income security. Housing is a critical component to successful and sustained employment. There are four primary situations in which the lack of affordable housing creates a substantial barrier to employment to welfare recipients:

- When a job pays wages that are insufficient to support the living expenses, including rent, of the family;
- When the available jobs are not within reasonable proximity to the recipient’s home;
- When transportation to the available jobs is complicated or unavailable to the recipient because of where she lives; and
- When appropriate childcare is not available near the recipient’s home or workplace.

DHCD’s JOBLink program is an example of a statewide approach to stabilizing current and former TANF clients making the transition from welfare-to-work by linking Section 8 vouchers with an array of other publicly funded critical resources.

HUD has awarded 2,000 Welfare To Work Vouchers to DHCD, which will be administered as the

JOBLink Housing Voucher program. JOBLink will support families to make a successful transition from welfare to work by providing tenant-based rental assistance to meet critical housing needs and bridge the gap between entry-level incomes and high housing costs. JOBLink participants will also be able to enroll in the Family Self Sufficiency program for additional support in achieving career development and economic independence goals.

Massachusetts Department of Transitional Assistance (DTA), the Commonwealth's designated TANF agency, is a key partner agency that works closely with DHCD and its regional contractors in all aspects of the program. DTA has committed both administrative and financial resources to support DHCD's JOBLink initiative. DTA is involved in the referral of recipients to insure that recipients are securing all services for which they are eligible.

Massachusetts Executive Office of Transportation and Construction (EOTC) provides a coordinated system of information, transportation problem solving, training on how to access transportation, as well as immediate transportation services for DTA clients moving into the labor force.

The Office of Child Care Services (OCCS) coordinates all subsidized care services in the Commonwealth. Current TANF recipients are eligible for continued child care assistance. Additionally, once a TANF case has been closed, the recipient is guaranteed continued child care assistance for up to a year provided the recipient is working or engaged in a DTA approved employment services program.

JOBLink is an example of extraordinary interagency cooperation and successful collaboration at the highest levels of state government.

DHCD, (through its Bureau of State Rental Assistance Programs,) and the Commonwealth's human service agencies and Local Housing Agencies have worked to coordinate a pragmatic approach to assist individuals and families achieve independence from the public welfare system. Acknowledging that by providing the means to acquire safe, decent, affordable rental housing is critical in assisting a family or individual out of poverty and off welfare, the Department has designed its housing policies to complement the efforts of Commonwealth's Department of Transitional Assistance (DTA) Welfare to Work strategy. By working together, DHCD and DTA help families to move out of poverty and welfare, and attain self-sufficiency.

DHCD's Bureau of State Rental Assistance has implemented policies that coordinate with the various efforts that have been undertaken by DTA and other social services agencies by issuing the following policies:

*Welfare to Work Income Exclusion*

In conjunction with the Department's Bureau of Asset Management, which oversees state-aided public housing units, State Rental Assistance has implemented the Welfare to Work Income Exclusion. This exclusion of earned income for a period of one year, allows a household who has terminated from Public Assistance to maintain the same rent share as when they were on assistance. During this period, the household is able to stabilize their economic situation before experiencing an increased rent share.

*Reissuance of MRVP Mobile Vouchers*

The passage of legislation in FY 2000 that became effective December 1, 1999, has enabled the Local Housing Agencies that administer the Massachusetts Rental Voucher Program to reissue a mobile voucher that has been surrendered by another household. The administering agencies are required to conduct outreach to homeless shelters when establishing a waiting list for the 400 to 600 vouchers that may become available this fiscal year. The established tenant selection criterion for the program also ensures that individuals who are homeless are given priority for a voucher.

### *Individual Self-Sufficiency Initiative (ISSI)*

This newly created housing program provides assistance for individuals who are homeless and are participating in employment/vocational training or are employed. Through the coordinated efforts of nine regional non-profit housing agencies and area shelter providers, it is anticipated that at least 300 single person households from throughout the Commonwealth will be assisted by the payment of Security Deposits, last month's rent, moving costs, utility arrearages, or small monthly rent stipend, under the program's **Resource** model. The maximum grant under this model is \$5,770 per individual and participation is limited to one year.

The Department awarded funding for an additional 122 units specifically for proposals which created affordable housing units under the program's **Development** model since FY 2000. This model provides a one-time financial gap filler for the development of new units. Once completed, these units must be available for ISSI eligible individuals for a period of five years at rent levels that are affordable for their income. This program was not funded at a level that would allow new commitments in FY 2003.

### *Family Self-Sufficiency Program and the Moving to Work Demonstration Project*

Other DHCD programs created to support economically distressed families are the Family Self-Sufficiency Program and the Moving to Work Demonstration Project. The goal of the Family Self-Sufficiency Program is to assist families in establishing and achieving their employment and self-sufficiency goals. During the five-year participation period, this is achieved through case management support, program activities, the escrow savings account, and linkages with resources and services available through government, non-profit, and private sector organizations. DHCD's Family Self-Sufficiency Program, which serves at least 680 individuals and families each year, is offered to all Section 8 Rental Assistance participants, building upon the premise that housing security is a foundation from which to work toward greater economic independence. Local and state-wide coordination is provided through FSS Program Coordinating Committees representing key service providers: the Department of Employment and Training, the Department of Transitional Assistance, One-Stop Career Centers, training programs, health centers, and child care resource agencies.

Under the authority of HUD's Moving To Work (MTW) Demonstration program, DHCD's MTW Project redesigns a portion of its Section 8 project account to support families moving from public assistance to employment and greater self-sufficiency. The MTW Project will provide an annual stipend to each participating family that has three targeted uses: 1) a shallow rent subsidy, 2) an automatic contribution to a monthly escrow account, and 3) a supports budget for work and education related expenses. Each family will have an MTW Advisor to support them in meeting their basic needs and achieving their further goals through case management, program activities, and referrals to a network of service providers. During the five-year demonstration period, the project will serve at least 183 families in the greater Boston and southern Worcester county areas. The dual goals of DHCD's MTW Project are to promote long term success in the labor force and to promote and support housing choice for participating families. An advisory group comprised of representatives from local Department of Transitional Assistance offices, Department of Employment and Training Offices, Department of Social Services offices, One Stop Career Centers, and other relevant public and private organizations supports each program component.

In recognition that welfare recipients are not the only economically distressed population, DHCD funds self-sufficiency initiatives that assist the general population of low-income communities; the working poor, the elderly, the homeless, and individuals with behavioral health issues.

### **Elderly Assistance**

Massachusetts has made additional efforts to provide income supports and other assistance to ease

the burdens for those living below or close to the poverty line.

Special attention has been brought recently to the needs and priorities of low-income elders. The Executive Office of Elder Affairs estimates that 13.7% of the state's population is now above 65; this percentage is expected to stay steady through 2010. Slight growth through 2010 is expected in the population above 85, currently estimated at 2.1%, with a projection to 2.4% by 2010.

Recent initiatives include:

- A "circuit breaker" property tax credit on the state income tax for those above 65 (individual income limit - \$40,000; husband and wife income limit - \$60,000) with property valuations at or below \$400,000. The credit is determined by determining the amount by which the taxpayer's property taxes, together with the eligible amount of that taxpayer's water and sewer charges, exceed ten percent (10%) of the taxpayer's income. The maximum credit available for 2001 is \$375. The credit will increase in subsequent years to \$750. This program is effective with the current tax year (2001) and seniors will be able to access the credit on income tax returns filed in 2002 and thereafter.
- An expanded pharmacy assistance program offers aid to both elders and those with disabilities. This program fills the gap when prescription benefits under private insurance, including HMOs, are exhausted. The program provides unlimited coverage, with a \$3.00 co-payment for generic drugs, insulin, and disposable syringes, and a \$10.00 co-payment for brand name drugs. This program is scheduled to expire at the end of this calendar year, and be replaced with one or more the proposals discussed briefly below.
- Massachusetts is actively exploring options for purchasing consortiums that may also aid in lowering prescription costs.
- A new pharmacy program is under serious consideration in the state legislature to provide insurance for "catastrophic" pharmacy costs; this proposed program would be available to all who need it, regardless of income, after private insurance and an individual's yearly contribution limit (not yet defined) has been reached. An initial cost estimate for the program is \$72 million/year.
- Reforms in the private insurance market for prescription drug coverage are also being examined, given the high cost of "medigap" policies, and the inability of low-income seniors to continue to afford such programs.

DHCD expects that the state's progress in addressing this issue will be addressed in future one-year plan updates of the Consolidated Plan.

### **Other Anti-Poverty Measures**

#### *Community Service Block Grant*

The DHCD through its Division of Neighborhood Services distributes Community Service Block Grant (CSBG) funds to a statewide network of 25 Community Action Agencies (CAAs). Fund support CAA core operations and a variety of anti-poverty services. CAAs are mandated to develop, implement, coordinate and evaluate the effectiveness of a variety of anti-poverty programs; and assist low income families and individuals who reside in their designated service areas to achieve economic self sufficiency.

CSBG allocations is used to support family-oriented programs and activities that include the following areas:

- Childcare/ Head Start
- Family counseling
- Food distribution
- Healthcare
- Homelessness prevention
- Homeownership opportunity
- Community economic development
- Crime prevention
- Domestic violence counseling/prevention
- Drug/substance abuse
- Education/ literacy
- Elderly services
- Emergency assistance
- Employment/training
- Mental health counseling
- Transportation
- Youth development

#### *Housing Assistance Program (HAP)*

Funded by Department of Transitional Assistance, HAP provides a housing search for families that is designed to ensure that families who are in a housing crisis situation are able to secure and retain permanent housing. Implementation includes pursuing an aggressive housing placement program, mediation, landlord/ tenant dispute resolution, involvement of diverse community resources, and training in money management.

#### *McKinney Emergency Shelter Grant Program (ESG)*

The Stewart B. McKinney Federal Homeless Assistance Act of 1986 established the McKinney Emergency Shelter Grant (ESG) program. The Executive Office of Health and Human Services (EOHHS) is the state agency designated to receive and distribute these funds from the US Department of Housing and Urban Development. EOHHS works with a network of state agencies to assure that funds are equitably distributed through the Commonwealth. This network, known as the Interagency Task Force for Housing and Homelessness, was designed to improve the quality of existing homeless programs. ESG includes programs which target homeless shelters (to increase shelter bed capacity, renovate facilities, establish programs directed to the shelter population), and programs designed to prevent homelessness.

DHCD supports the following homelessness prevention activities:

- The provision of short-term subsidies used to defray rent and utility arrearages for families that received eviction or utility notices;
- The provision of funds for the use of security deposits or first month's rent to permit a homeless family to move into their own apartment;
- Mediation for landlord/tenant disputes; and
- Legal services programs to prevent foreclosure.

DHCD's Bureau of Energy Programs (BEP) receives federal funding to plan, coordinate, and manage the Low Income Home Energy Assistance Program (LIHEAP) and the Weatherization Assistance Program (WAP). The Bureau develops a plan, budgets, allocations, and guidance to enable it (and its network of nonprofit organizations) to implement and carry out the program objectives.

#### *Heating Emergency Assistance Retrofit Task Weatherization Assistance Program (HEARTWAP)*

The Heating Emergency Assistance Retrofit Task Weatherization Assistance Program (HEARTWAP) provides heating system repair and replacement services to low-income households. HEARTWAP is operated across the Commonwealth through a network of 22 community-based organizations under contract with the DHCD/BEP. Approximately 8,000 households received service under HEARTWAP.

*Low Income Home Energy Assistance Program*

The Low Income Home Energy Assistance Program (LIHEAP) provides eligible households with help in paying winter heating bills. The program pays benefits up to a fixed amount based on household income. An additional benefit is available to eligible households having high-energy burden. In FY 2001, the statewide network of 22 providers assisted 132,000 households with the receipt of LIHEAP services.

*Weatherization Assistance Program*

Weatherization Assistance Program (WAP) provides eligible households with full-scale home energy conservation services. WAP is operated locally by 12 community-based organizations across the Commonwealth under contract with DHCD/BEP. In FY 2000, 1,964 households received WAP services. These households included: 914 households with elderly family members, 518 households with a disabled family member, and 404 households which had children under 6 years of age.

The WAP is designed to assist low-income households to reduce their heating bill. The program is operational year round. The actual conservation work completed is dependent on the specific need of the home.

Typical work completed includes air sealing, attic and/or sidewall insulation, weather-stripping and minor repairs associated with the weatherization work.

*Community Food and Nutrition Program*

DHCD supplements the US Department of Health in funding the Community Food and Nutrition Program (CFNP). The CFNP coordinates existing private and public food assistance resources to better serve low-income families and individuals; assists low-income communities to identify potential sponsors of child nutrition program; and develops and initiates new innovative programs in underserved or unserved areas.

## **Economic Development**

Another key area in which DHCD has targeted resources is economic development. Through DHCD's Division of Municipal Development and Division of Neighborhood Services, funding is made available for public and private housing development and rehabilitation, as well as community revitalization.

*Massachusetts Community Development Block Grant*

Massachusetts Community Development Block Grant (CDBG) is a flexible program that provides municipalities and individuals with resources which are expended as part of an anti-poverty strategy. Housing rehabilitation programs provide low-interest or deferred loans to individuals and families who cannot afford to improve, repair, and maintain their homes. Loans are often made to repair older, more deteriorated homes, which often contain lead paint and failing septic systems. Improvement objectives are threefold: to rehabilitate housing stock; to increase the value of the building; and to preserve housing units that are affordable to low and moderate income households. Down payment assistance for homeownership is provided to finance closing costs, paying up to 50% for down payment and financing acquisition costs. Support for the creation of housing units continues to be provided by the Housing Development Support Program (HDSP).

Activities supported by Massachusetts CDBG have a priority of expanding economic opportunity particularly through the programs of the Massachusetts Community Capital Fund (MCCF) and the Ready Resource Fund. Assisted projects emphasize the retention or creation of permanent jobs with wages adequate to promote greater self-sufficiency. Recent efforts have included linking assisting business development through incumbent workforce training for low and moderate-income individuals. All Massachusetts CDBG programs encourage case management for social service activities.

#### *Community Enterprise Economic Development*

The Community Enterprise Economic Development (CEED) Program was established by the Massachusetts state legislature in 1978 to assist residents of the Commonwealth, through their local community development corporations (CDCs), to develop and implement strategic plans and project-specific activities that help revitalize neighborhoods. CDCs are neighborhood or regionally based nonprofit organizations that are controlled by local residents, to guide the improvement of economically distressed areas where traditional development financing is severely limited.

#### *Massachusetts Neighborhood Housing Services*

Massachusetts Neighborhood Housing Services, (NHS) established by Massachusetts Chapter 490, Section 12 of the Acts of 1980, is a program designed to eliminate blight and revitalize target neighborhoods by supporting agency and individual agency housing rehabilitation projects.

The program goals are to:

- Improve housing conditions by assisting low and moderate-income property owners to bring their homes up to code and energy conservation standards;
- Foster neighborhood stability by helping to revitalize and stabilize neighborhoods through rehabilitation of existing housing for owner-occupants; and
- Assist low-income property owners who desire to improve their property, but do not meet the standards of conventional lending institutions, thus increasing the availability of housing rehabilitation loans for low-income residents.

These efforts, combined with the strategies discussed in the consolidated plan, represent a significant commitment of resources to reduce the number of poverty level families, and comprise the state's anti-poverty strategy.

### **Coordination Among Providers and Agencies**

In order to maximize efficiency in its policies and programs, DHCD's reach extends to a wide variety of public and private agencies. As a result of the cooperative efforts forged among these partners, the Department is able to improve service delivery and broaden its knowledge of the major issues facing its constituents.

The department is currently involved in a variety of interagency initiatives including:

#### **Cabinet Meetings**

As a member of the Governor's cabinet, the director of DHCD attends weekly discussions with cabinet secretaries and other department heads to discuss timely topics and resolve major issues affecting the residents of the Commonwealth. Many of the issues brought to this table require interagency



cooperation and participation.

### **Interagency Task Force on Housing and Homelessness**

The Swift administration has identified housing as a top priority in order to ensure the state's continued economic growth. In October of 2000 The Executive Office for Administration and Finance published two reports titled "Moving Beyond Serving the Homeless to Preventing Homelessness" and "Breaking Down the Barriers: Changing Housing Supply Dynamics in Massachusetts". These reports identified a number of strategies that state agencies working together could employ in order to increase housing production and improve access to housing. That year the Governor's Special Commission on Barriers to Housing Development, included participation by several state agencies, local officials, and advocacy groups which proposed housing policies that increase the housing stock and make permanent housing more available to citizens across a wide spectrum of income levels. The Special Commission's report was published in January 2002.

### **Enhanced Community Based Services Plan**

DHCD is working in conjunction with a number of state agencies (including EOHHS, DTA, DSS, DPH, MRC and DHCD) to respond to the needs of the disabled community. The state agencies, drawing upon recommendations from the Olmstead Advisory Group are set out the strategic activities in Expanding Community-Based Services: Phase One of Massachusetts' Plan. The Activities are grounded in the concepts that services should respond to the needs and preferences of individuals, that specific steps may be taken immediately to strengthen Massachusetts' commitment to people with disabilities, and that certain complex system functions or gaps will require careful and deliberate analysis in order to effect necessary systemic changes. Proposed analyses include a universal information and referral database; transition assistance services; supports for family care giving; and sustainable financing methods; these analyses are designed to assure that the state can move deliberately to implement effective practices.

#### **Highlights of Phase One activities include:**

- Continuing to target for community placement individuals for whom community placement is desired and available.
- Educating individuals residing in facilities, as well as their families and support systems, about the array of community-based services available, residential options available, their eligibility status for those services, and then documenting the individual's preferences;
- Identifying and capturing information related to individuals with disabilities who reside in public facilities and could relocate safely to the community and either provide or document the absence of necessary services and supports.
- Require that all state agencies offering long-term care pre-screen Medicaid eligible beneficiaries seeking facility-based services for the possibility of community-based care;
- Designing and implementing pilot projects to evaluate different models of service coordination for community based individuals and individuals wishing to leave a facility;
- Completing the implementation of new income disregards in determining MassHealth eligibility for personal care attendant (PCA) services to include people aged 65 or greater;
- Identifying improvements to expedite the approval of medical equipment, assistive technology, and PCA services prior approvals; and
- Improving the availability of accessible and affordable housing throughout the state.

Implementation of Phase One activities will begin in October of 2002. The activities will be implemented using existing resources, including current appropriations and the Real Choice Systems Change, Nursing Home Transition and Medicaid Infrastructure grants.

### **Health and Human Services Task Force on Special Needs Housing**

As a member of this task force, DHCD works in partnership with the Executive Office of Health and Human Services and the Department of Veterans' Services to ensure federal McKinney grants provide the maximum benefit to recipients.

### **Economic Assistance Coordinating Council**

DHCD's director co-chairs the Economic Assistance Coordinating Council Meetings (EACC) together with the director of the Department of Economic Development. The purpose of these meetings is to assist small businesses across the Commonwealth by providing tax incentives and technical assistance.

### **Administration of Executive Order 418**

Together with the Executive Office of Environmental Affairs, the Executive Office of Transportation and Construction, and the Department of Economic Development, DHCD administers two programs created by E.O. 418 designed to help communities increase the supply of affordable housing. One program provides grants to communities to create a "Community Development Plan" to serve as a comprehensive strategic plan for future growth and development, and the other creates a priority in discretionary funds distributed by the four agencies to communities that demonstrate progress in increasing the supply of affordable housing units.

### **The Governor's Commission on Domestic Violence**

The director is a member of this commission which is comprised of a variety of private and public agencies that share a common goal: to protect and improve the quality of life and quantity of services provided to victims of domestic violence.

### **Other continuing outreach and coordination efforts**

Other continuing outreach and coordination efforts include:

- Membership on the Local Government Advisory Committee, a group of 40 local officials who meet periodically with the governor or lieutenant governor on issues of mutual state and local concern. Among issues discussed are local aid, education funding to communities, transportation and economic development;
- Membership on the Metropolitan Area Planning Council and the Massachusetts Association of Regional Planning Agencies;
- Representation on the Rural Development Council, a federal initiative to encourage partnerships among the state, federal, and local governments, and private businesses to identify rural concerns and establish priorities for concerted action.
- The CDBG Bureau has developed a close working relationship with the Massachusetts Office on Disabilities (MOD). MOD offers added expertise as the Bureau works with

grantees on their Americans with Disabilities Act (ADA) compliance and regulatory issues. The CDBG Bureau and its grantees also benefit from MOD's technical assistance on specific project design and development, as well as on review of proposed activities.

- DHCD has been resourceful in accessing the expertise available from the U.S. Environmental Protection Agency, Massachusetts Department of Environmental Protection, and the Governor's Office for Brownfields Revitalization. These resources enhance the Department's capacity to assist communities with redevelopment of properties that may have environmental contamination issues.
- MassDevelopment is a quasi-public state agency responsible for financing and managing community and economic development projects. DHCD and MassDevelopment make use of one another for referrals, coordinate to ensure efficient use of resources, and partner when necessary or desired on worthy projects.
- DHCD meets regularly with DTA to collaborate on developing short and long term solutions to providing housing assistance to DTA's shelter and motel population.

The department also maintains relationships with grantees of both state and federal grant programs, and targets larger municipal audiences through its own publications, workshops, and contributions to similar endeavors sponsored by the Massachusetts Municipal Association. In addition, daily monitoring of housing authority operations, as well as participating in conferences and workshops sponsored by the Citizen's Housing and Planning Association (CHAPA), and the Massachusetts chapter of the National Association of Housing and Redevelopment Officials (NAHRO) serve as vital links to the housing authority and non-profit housing development and advocacy communities.

The Director of DHCD or her designee, chairs the Board of Directors of CEDAC, serves as vice-chair of MassHousing and has a seat on the CDFC Board of Directors. DHCD also manages a Community Response Line, a toll-free number for local officials and residents to call with questions relating to municipal problems. Through further development of internet resources, the department is able to offer on-line applications for several grant programs, community profiles, and links to other key governmental agencies. In addition, our website enables users to submit questions directly via email and receive prompt responses from DHCD staff. This tool serves to remove the bureaucratic barriers encountered by individuals experiencing difficulty navigating the state website.

### **Public Housing Resident Initiatives**

No Massachusetts state agency administers federal public housing funds. DHCD does, however, fund and oversee a portfolio of approximately 50,000 state-aided public housing units owned and operated by 248 local housing authorities (LHAs). The state has taken several steps to encourage tenant participation and homeownership.

### **Encouraging tenant participation in public housing management**

DHCD recognizes that effective administration of its public housing programs includes effective tenant organizations. To encourage the formation of representative organizations and to provide such organizations with the opportunity to be heard and participate in matters affecting the interests of the residents, DHCD has promulgated regulations on tenant participation.

State regulations require that for state-aided public housing, local tenant organizations (LTOs) are consulted when changes in policies affecting tenants are proposed, when the annual operating budget is prepared, when LHA jobs become available or when modernization funds become available to the LHAs. They are notified of all LHA board meetings. Each LTO proposes an annual budget, based on the number of units it represents for funding its administrative functions. In addition, DHCD annually provides funding to the Massachusetts Union of Public Housing Tenants, which advocates for all public housing tenants on a statewide level, helps new LTOs organize, and provides related assistance to LTOs.

In June of 2000, DHCD developed new grievance procedures for residents. Those new procedures were welcomed at the Massachusetts Union of Public Housing Tenants because they ensure fair and equitable treatment for all residents of state-aided public housing.

### **Encouraging homeownership among public housing tenants**

The state has set up a program, which allows tenants of participating LHAs to have the portion of their rent attributable to work-related expenses, including taxes, to be held in escrow for their benefit. The state has appropriated funds not only to reimburse housing authorities for the rent loss when part of the tenant rent is placed in escrow, but also to match every two dollars that comes from a tenant's rent payment with one dollar of state funds. Tenants can accumulate up to \$10,000 in their escrow accounts and access these funds to pay expenses of making the transition to unsubsidized private housing, including homeownership. The program was first implemented in state FY 1999 at five Local Housing Authorities.

As a result of the successes at these LHAs, former Governor Cellucci and Lieutenant Governor Swift requested, and received authorization from the state Legislature to expand this program to all LHAs managing state-aided family housing and having expressed an interest. To date, staffs from 35 LHAs have been trained on this program and are administering the program in their local community.

In addition, DHCD's rent regulations support tenant self help by allowing tenants a one-time twelve month opportunity to exclude earned income from the rental calculation as they move from dependency on government cash benefits to self-sufficiency through employment.

Several other regulatory provisions also support tenant self-help. Tuition for a household member who is not a full-time student is deductible from income for the purpose of rent determination. (State public housing tenants pay either 25% or 30% of their net income for rent, depending on whether they pay separately for utilities.) Wages earned by a full-time student are not included in family income. Finally, daycare expenses are deductible up to the full amount of a tenant's income. All of these measures are intended to provide incentives for work or education.

**(f) Program Specific Requirements**

**1. CDBG**

**FY 2003 Draft One Year Plan - Preface**

The U.S. Department of Housing and Urban Development (HUD) requires the Commonwealth of Massachusetts, and all other Formula Grantees, to prepare a Five Year Consolidated Plan. The state's Consolidated Plan sets forth long term priorities for the use of funds received from HUD's Community Development Block Grant (CDBG), HOME, Emergency Shelter Grant (ESG), and Housing Opportunities for People with AIDS (HOPWA) programs, and from other state and federal sources.

During the development of the FY 2000 - FY 2004 Five Year Consolidated Plan the Massachusetts Department of Housing and Community Development (DHCD) outlined the anticipated timetable for its competitive CDBG grant rounds (CDF and HDSP) for fiscal years 2000 through 2002. In accordance with the Five Year Consolidated Plan, the application deadline schedule for FY 2001 and FY 2002 was accelerated. Three grant rounds (FY 2000 – FY 2002) were scheduled for a 13-month timeframe that usually accommodated only two competitive grant rounds. The reason for accelerating the timetable was to help address timely expenditure concerns of the U.S. Department of Housing and Urban Development. DHCD has now reestablished an annual CDF application deadline for FY 2003 and beyond.

In order to make the application available as early in the fiscal year as possible, preparation of the Massachusetts CDBG One-Year Plan and Application is again taking place in advance of the overall One Year Plan development schedule that incorporates the HOME, ESG and HOPWA programs. DHCD held informational sessions on the Draft CDBG One Year Plan in the spring of 2002, and will hold formal public hearings on the overall One Year Plan during the summer and fall of 2002.

The following summarizes proposed changes and clarifications in this Draft FY 2003 CDBG One-Year Plan.

**Highlighted Clarifications/Proposed Changes in Draft FY 2003 One-Year Plan**

- In response to comments that larger grants are needed to keep pace with rising program costs, the maximum Community Development Fund (CDF) I grant award has been increased to \$700,000. The additional \$100,000 may be applied only toward project costs; general administration costs will continue to be based on a \$600,000 grant. See page 13 for more detail.
- In response to comments, design development drawings will **not be** required for all public facilities and architectural barrier removal projects for FY 2003. Instead, applications will be scored for Cost Reasonableness and Readiness to Proceed in part according to the presence or absence of design development drawings. NOTE: Design development drawings will continue to be required for senior center projects.

DHCD will require design development drawings for all public facilities and architectural barrier removal projects in FY 2004. DHCD encourages communities to apply for planning funds to prepare design development drawings, and full plans and specifications, for all eligible public

facilities and architectural barrier removal projects.

- There is a minimum grant amount of \$20,000 for planning-only grants in CDF and in the Ready Resource Fund (RRF). There is a \$50,000 cap on all planning grants in an RRF application. This maximum amount is inclusive of planning-related general administration costs.
- A community may not receive subsequent CDBG-assistance for a senior center project until five (5) years have passed since the grant closeout date of a CDBG-assisted senior center construction or reconstruction project funded in FY 2003 or later.
- DHCD will no longer require that Public Social Service activities have a case management component. However, DHCD continues to encourage communities to select social service activities that reflect real needs and either complement or coordinate with non CDBG-funded services.
- A community will not receive funds for the same activity in more than one CDF application during any one Mass CDBG federal fiscal year.
- Slum/blight National Objective policy and related programmatic changes and clarifications:
  - in order to define an area as blighted a minimum of 25% of the buildings in the area must be considered deteriorated – all buildings characterized as ‘poor’ or ‘fair’ in an inventory (using sample set of definitions with poor, fair, good, excellent categories) will be considered ‘deteriorated’ and count toward the 25% required to define an area as blighted;
  - alternately, deterioration of public improvements may also be used to define an area as blighted, using HUD language “general state of deterioration”;
  - once approved by DHCD an inventory and target area will be valid for five years for National Objective threshold eligibility;
  - the community development strategy (see page 6) submitted by applicants seeking downtown related projects funds must contain a downtown or commercial area revitalization element;
  - the scoring packet for downtown related projects will be amended to award higher scores for activities more directly addressing the blighted conditions of a target area;
  - CDF will offer a supplemental April 2003 round for downtown related projects in addition to the October CDF round. No CDF I community shall receive a combined total of more than \$700,000 from these two rounds. No CDF II community shall receive more than \$600,000 from these two rounds.
  - upon issuance of the FY 2003 application, RRF will no longer accept applications for downtown related activities, unless a community has already been invited to apply.
- The 15-year affordability requirement remains for housing related projects. DHCD has however eliminated the requirement that a grantee maintain affordability by restricting rent increases in units covered by a rent regulatory agreement to an Annual Adjustment Factor (AAF). Grantees must continue to maintain affordability by establishing rent levels in rent regulatory agreements, but now have more options for doing so; they may either use the Fair Market Rent / High HOME Rent limits published by HUD, or continue to use the AAF. Communities must still demonstrate how they will maintain affordability for the 15-year period.
- CDF, Mini-Entitlement and RRF grants will have an 18-month grant implementation period. DHCD will be reevaluating the timely expenditure threshold formula, possibly setting new standards. Applicants are reminded that they should not be requesting funds they cannot spend by the close of their proposed implementation schedule. It is DHCD’s expectation that grantees will work in good faith to complete grants in a timely manner. If there are extenuating

circumstances grantees may request a grant extension, but DHCD will take a conservative approach to approving such extensions. DHCD will also continue to use the timely expenditure threshold to preclude communities with large amounts of unexpended Mass CDBG funds from applying for additional funds.

- DHCD has revised the Mass CDBG timely expenditure threshold requirements. The deadline for meeting timely expenditure requirements has been extended for applicants to the October 3, 2002 Community Development Fund I and II round of funding. For all other Mass CDBG components an applicant must meet the threshold at the time of application. In addition, DHCD will no longer accept waiver requests for the timely expenditure threshold.
- DHCD will streamline the RRF and Bridge Financing Program application processes.
- DHCD anticipates the use the Section 108 Loan Guarantee Program to secure financing and guarantee loans for three projects during calendar year 2003.
- Joint applications must show in the budget page how the grant funds will be allocated to each participating community.
- Application due dates are proposed as follows:
  - CDF – Due Thursday October 3, 2002
  - Mini-Entitlement – Due Thursday November 7, 2002
  - Community Development Fund supplemental downtown related round – Due April 1, 2003
  - HDSP: Round 1 Notice of Intent due July 18, 2002, application due September 5, 2002
  - Round 2 Notice of Intent due February 11, 2003, application due April 1, 2003
  - Ready Resource Fund, MCCF, Section 108 and Bridge Financing have rolling application deadlines.
- Finally, shortly after DHCD's publication of the FY 2003 Draft CDBG One Year Plan, the Census Bureau released new Census 2000 data. At the One Year Plan Information Sessions, DHCD discussed with attendees the use of the data in computing Community Wide Needs (CWN) scores, and incorporating the new data in scoring applications.

Community Wide Needs scores are derived from several socioeconomic indicators, including data from the U.S. Census Bureau. The formula used to calculate the scores has been designed to approximate the relative need of each municipality, much like HUD uses a formula to determine allocation amounts to CDBG Entitlement communities. The CWN score establishes a municipality as either a CDF I or CDF II community, and is a contributing factor for designating Mini-Entitlements. The CWN score therefore determines the CDF component to which a community may apply. The CWN score (which in the FY 2003 Draft CDBG One Year Plan are based on 1990 Census data) also makes up 25 of the 100 points used to score CDF I applications.

Following the Information Sessions DHCD received written comments from three organizations regarding the Census 2000 data, each suggesting that the new Census data be incorporated into the CWN scores and into this year's application process. DHCD agrees that 1990 data is less reflective of community need, which is why the score now only makes up 25 of the 100 points used for the CDF I application score, a reduction from the original 40 points during the mid-1990s, and data derived from the 1990 Census has progressively received less weight as time has passed.

DHCD reviewed the new data sets, and critically considered the implications of using new 2000 Census data in the CWN scores. However, three centrally important data sets used for

the CWN scores are still unavailable: percent of low and moderate income households, percent of elderly low and moderate income households, and percent of rent-burdened households. HUD is responsible for calculating the first two, and does not anticipate having those figures available until December 2002. There is no projected date for the release of the third data set.

Rather than attempt to use partially new data in the CWN scores, and to try to recalculate weights appropriate to the fresh data, DHCD will hold the CWN scores for FY 2003. However, communities will be required to use new Census 2000 data in their narrative for the Community Needs section of the CDF application.

DHCD still believes that a Community Wide Needs score serves as a valid measure of need for CDBG purposes. In anticipation of the final three data sets becoming available this year, DHCD has been reviewing the indicators and formula used to construct the CWN score. DHCD will convene at least one focus group during the early fall with program users and participants to consider the particular indicators that make the CWN score a valid needs index.

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## **MASSACHUSETTS CDBG DRAFT ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2003**

### **INTRODUCTION:**

This Draft One Year Action Plan describes the proposed use of Community Development Block Grant (CDBG) funding received by the Commonwealth of Massachusetts. The CDBG Program is a significant source of federal funding administered by the Department of Housing and Community Development, supporting a variety of community development efforts to revitalize our communities, meet the housing and service needs of our low and moderate-income population, build and repair infrastructure vital to the health and safety of residents, and support business development and retention. The One Year Plan addresses the basic features of the state's CDBG program, the applicable federal regulations and requirements governing state and local administration of this program, and the state's policies, administration responsibilities, and description of the program components.

In its administration of CDBG funding, DHCD is committed to:

- Programs and funding that primarily target populations of low- and moderate-incomes and those with special needs.
- Coordinated, integrated and balanced agency responses to address the needs and interests of communities.
- Programs and technical assistance designed to facilitate informed decision-making about community development opportunities at the local level, and to encourage self-sufficiency of residents and communities.
- Sound business practices that ensure the highest standards of public accountability and responsibility.

The One Year Action Plan is divided into the following sections:

SECTION	A.	Massachusetts CDBG Priorities
	B.	Eligible Municipalities
	C.	Eligible Projects/Use of CDBG Program Funds
	D.	Applicant/Project Threshold Criteria
	E.	Allocation of CDBG Funds to the Commonwealth
	F.	Availability of CDBG Program Funds
	G.	Evaluation Criteria for All Program Components
	H.	Program Sanctions
	I.	Citizen Participation Requirements for Applicants and Grantees
	J.	CDBG Program Components (description)

### **A. MASSACHUSETTS CDBG PRIORITIES**

The Community Development Block Grant (CDBG Program) was authorized by Congress, and is funded under Title I of the Housing and Community Development Act of 1974, as amended. The Commonwealth of Massachusetts has designated the Department of Housing and Community Development (DHCD) as the state's administering agency for CDBG funding. The primary objective of the federal statute creating the CDBG Program is: *"...to develop viable, urban communities by providing decent housing and suitable living environment and expanding economic opportunities*

*principally for low- and moderate-income persons.*” DHCD will fund eligible projects designed to meet this objective.

Consistent with this objective, DHCD also encourages:

- development and preservation of affordable housing;
- proactive and coordinated planning oriented towards both resource protection and sustainable economic activity;
- downtown revitalization that is integral to community development; and
- broad local participation in meaningful community-based planning that assesses needs and identifies strategies for addressing those needs.

The Act requires that at least 70 percent of CDBG assistance shall be used to support activities that directly benefit low- and moderate-income citizens of the Commonwealth.

In addition, the Massachusetts CDBG Program encourages joint or regional applications so that program funds will be used to benefit a greater number of municipalities.

<b>B. ELIGIBLE MUNICIPALITIES</b>
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There are 351 municipalities incorporated in Massachusetts. The U.S. Department of Housing and Urban Development (HUD) has designated 35 as CDBG *entitlement* communities; in general, these communities exceed 50,000 in population and receive CDBG funds directly from HUD. Any city or town **not** designated as an entitlement community by HUD may apply for and receive Massachusetts Community Development Block Grant funds. (Refer to Exhibit 1 for a listing of Massachusetts’ entitlement communities.)

<b>C. ELIGIBLE PROJECTS</b>
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The following projects are eligible for funding under the Massachusetts Community Development Block Grant Program:

- planning;
- housing rehabilitation and creation of affordable housing;
- economic development projects which create and/or retain jobs including awards to existing regional entities for regional economic development loan funds;
- efforts directed toward rehabilitation and stabilization of existing neighborhoods, commercial areas and downtowns;
- infrastructure;
- construction and/or rehabilitation of community facilities; and
- public social services.

DHCD has designed several Massachusetts CDBG program components to fund such projects. Each program component responds to particular community development needs. The rules and program guidelines are set forth in Section J: *PROGRAM COMPONENTS*.

**LIMITATIONS ON USE OF PROGRAM FUNDS**

- **Buildings used for the general conduct of government** - Assistance related to buildings used for the general conduct of government is specifically excluded from the program by federal statute, except for the removal of existing architectural barriers to improve handicap access. Such work is permitted on municipal buildings such as city or town halls, public works structures, public safety buildings, etc.
- **Public Social Services**
  1. Public Social Services projects are not eligible as a "stand-alone" application under Community Development (CDF) I and II and Mini- Entitlement grants.
  2. Public Social services cannot exceed 20% of a CDF I, CDF II, or Mini- Entitlement grant. (Note: The 20% limit does not apply to social services designed and provided solely to support micro-businesses, or public social services that increase employment through job training or other related activities when carried out by eligible non-profit development organizations.)
  3. Communities must demonstrate that, in accordance with Section 105(a)(8) of the Housing and Community Development Act, proposed social service activities have not been funded by the community using municipal and/or state funds within 12 months prior to the application.
  4. DHCD will fund public social service projects that are not provided by other state or federal agencies, or are currently provided but are not available to CDBG-eligible residents in the applicant communities.
- **Downtown related projects<sup>15</sup>** - Communities may apply for funds for downtown related projects under CDF I, CDF II, and the Mini-Entitlement Program. In order to provide a second opportunity for communities that had been planning to submit downtown related project applications to the Ready Resource Fund during the year, DHCD will take those applications during the regular October 3, 2002 CDF round, and this year only in a supplemental \$1.5 million competitive CDF round with a deadline of April 1, 2003. Awards funded through the April 1, 2003 round will be capped at \$400,000. In no case may a CDF I community receive more than \$700,000 combined from these two rounds; in no case may CDF II communities receive more than \$600,000. Conditions listed below apply to CDF I, CDF II, and the Mini-Entitlement Program, as well as to the supplemental round.
  1. DHCD may fund projects that support physical downtown and area revitalization efforts, however communities may apply to Mass CDBG for downtown related projects in their downtown or commercial target areas only if a) they have satisfactorily demonstrated to DHCD that the proposed project is located in an area meeting National Objective requirements set forth in the Application Guidance on Threshold Questions, and b) their community development strategy (see page 6) contains a downtown or commercial area revitalization element.
  2. If a community applies for a downtown related project without an inventory, the application packet for that project will not be reviewed.

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<sup>15</sup> Downtown related projects may include facade/sign programs and streetscape improvements, but does not include traditional municipal functions such as repairs to, or replacement in-kind of infrastructure.

3. Once an inventory for a defined target area is approved by DHCD, that area will be deemed as meeting the National Objective requirements for a period of five years from the date of DHCD approval.
4. CDBG funds **cannot** be used to fund overhead costs or management salaries related to the operation of a downtown organization, nor can they be used for any organizational development for a downtown organization or committee.

▪ **Housing Activities**

**15 Year Housing Affordability Term** – In an effort to increase the supply of affordable housing, all projects supporting the creation, preservation, and rehabilitation of rental and owner-occupied housing units must be affordable to low and moderate income households for at least a 15-year period. Language ensuring affordability must be incorporated into the lien securing the rehabilitation loan, deferred payment loan or grant, and be recorded at the Registry of Deeds.

<b>D. APPLICANT/PROJECT THRESHOLDS</b>
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The following threshold criteria (#1 through #4) apply to all applications. It is the responsibility of the applicant to ensure adherence to the applicable threshold(s).

1. **Eligibility** - The project must be eligible as defined in §105(a) of Title 1 of the Housing and Community Development Act, as amended.
2. **National Objective** - Each project must meet one of three federal national objectives as defined below and in federal regulations 24 CFR 570.483:
  - a. benefit a majority of low- and moderate-income persons;
  - b. aid in the prevention or elimination of slums or blight; or
  - c. meet an urgent condition posing a serious threat to the health and welfare of the community and where other financial resources are not available to meet such needs. This objective is extremely difficult to meet and is generally limited to unexpected events such as natural disasters. Prior approval from Massachusetts CDBG must be obtained to use this national objective.
3. **Timely Expenditure** – Mass CDBG requires that all applicants, including lead applicants and joint participants, who have received grants comply with a timely expenditure threshold in order to apply for FY 2003 programs. If a joint participant has been a lead grantee in a CDBG grant, that community must meet the timely expenditure threshold in order to be included in a joint application. In order to apply for CDBG funding, a community must demonstrate, using the last quarterly report due prior to the application date, or the most recent SCA/GMS monthly financial status report, that as of the application due date:
  - it has (or will have) no more than \$600,000 in unexpended CDBG<sup>16</sup> funds for all active grants awarded prior to January 31, 2001; and

<sup>16</sup> CDBG includes CDF I and II, Mini-Entitlement, HDSP, Ready Resource, and Reserves, but for the purposes of this calculation excludes grants from Massachusetts Community Capital Fund, Section 108, and Bridge Financing Program. Planning-only grants of \$50,000 or less are also excluded from this calculation.

- it has (or will have) an unexpended funds rate of less than 50% using the formula described in Exhibit 2.

For the October 3, 2002 CDF application round a community must meet the above conditions by December 13, 2002.

**COMMUNITIES THAT DO NOT MEET THIS THRESHOLD WILL BE ELIMINATED FROM FURTHER MASS CDBG FUNDING CONSIDERATION.**

4. **Displacement of Non-CDBG Funds** - Applicants shall certify in the application that CDBG funds will not be used to displace non-CDBG funds already appropriated by or to the community for a specific project. DHCD will reduce an award, deny a grant, or impose special conditions in a grant contract with that community to assure compliance with this requirement.

Threshold criteria #5 through #9 apply to specific program applications or types of projects. It is the responsibility of the applicant to ensure adherence to the applicable threshold(s).

5. **EO 418 Certification** - Executive Order 418, *Addressing the Affordable Housing Shortage*, was signed by Governor Paul Cellucci in January 2000; the Executive Order provides that communities taking steps to encourage/develop affordable housing receive preferential consideration for certain grant programs administered by DHCD, the Executive Office of Environmental Affairs, the Department of Economic Development, and the Executive Office of Transportation and Construction. DHCD has adopted the following policies regarding adherence to EO 418 and the Massachusetts CDBG Program:
  - (a) Applicants to the Ready Resource Fund (RRF), Massachusetts Community Capital Fund (MMCF), Bridge Financing Program, Reserves, and the Section 108 Loan Program) must be Executive Order 418 housing certified as a threshold prior to review of applications for those programs. A community may submit a request for housing certification prior to, or with its program application. Certification is available on a fiscal year basis; i.e., it expires on June 30 of any year.
  - (b) Applicants to CDF I, CDF II, the CDF supplemental April 1, 2003 round, and the Housing Development Support Program (HDSP) receive bonus points equal to 10% of the total available points for each respective program if EO 418 housing certified. A community seeking certification to receive bonus points must request housing certification prior to the application deadline or submit its certification request with its program application. The certification threshold applies to all participants in a joint or regional application.
  - (c) Mini-Entitlement communities must be EO 418 housing certified before being allowed to draw down funds.
6. **Public Benefit Standards** - Economic development projects that are eligible under Title I of the Housing and Community Development Act of 1974, Sections (14), (15) and (17) must meet CDBG standards of underwriting and public benefit. Eligible projects under 105(a)(2) may also be required to meet public benefit standards when undertaken for Economic Development purposes.

7. **Community-Based Planning Requirement** - The Department supports municipal efforts to engage in community-based planning, conduct needs assessments, and identify strategies for addressing those needs. DHCD seeks to fund projects identified through meaningful, public community-based planning and priority setting processes. Therefore projects should be consistent with community efforts to identify needs and engage in strategic planning for addressing those needs. *This helps to ensure that local needs have been identified and priorities determined in a comprehensive manner, and public resources are directed toward projects that address needs the community has identified as high priority.* All applicants and participants<sup>17</sup> should have engaged in a community-based planning process and be able to demonstrate project consistency with a Community Development Strategy (not to exceed three [3] pages), that should be included in the application.

The Strategy serves to summarize various planning documents used by a community, and to outline a plan of action intended to accomplish specific community development goals. Therefore, each Strategy can reference various planning documents approved by a locally elected or appointed body, or by Town Meeting, but *it is important that the Strategy reflect a comprehensive, integrated approach to the municipality's community development priorities.* Each activity included in an FY 2003 application should relate to and be reflected in the Strategy. The Strategy should explain how the community expects to address the priorities with CDBG and non-CDBG funds over a 3-5 year period.

The Community Development Strategy may reference findings of relevant plans and analyses that have been completed and used for decision-making purposes by municipal boards, agencies and departments. Such plans may include but are not limited to EO 418 Community Development Plans, EO 418 housing strategies, Capital Improvement Plans, Master Plans, Downtown Plans, Open Space and Recreation Plans, Area Revitalization Strategies, Urban Renewal Plans, the regional Comprehensive Economic Development Strategy, and a Community Action Statement (CAS).

The strategy should be discussed in a public forum, such as the public hearing required prior to submitting a Mass CDBG application.

The **Community-Based Planning Requirement** does not apply to MCCF, Section 108 Loan and Bridge Financing Program applicants.

8. **Senior Center Projects** - Applicants for Senior Center projects must meet the following threshold requirements to have their applications reviewed and scored:
- (i) provide evidence of site control<sup>18</sup> by the municipality, as attested to by the Mayor or Board of Selectmen,
  - (ii) provide documentation of the availability and commitment of any other funds necessary to complete the project, and
  - (iii) attach one copy of design development drawings,<sup>19</sup> prepared by a licensed architect or engineer.

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<sup>17</sup>This includes regional or joint applicants.

<sup>18</sup> Evidence of site control may include but is not limited to a deed, lease agreement, purchase and sale agreement, or other contract or legal document.

<sup>19</sup> Design Development Drawings are beyond schematic documents and provide sufficient detail to establish firmly the features of the project. Drawings and details should precisely illustrate the various rooms, auxiliary use areas, materials, and equipment as well as site and utility installations. The estimated project construction costs developed through the schematic documents should be confirmed by the design development drawings. An Architect/Engineer should prepare these documents.

**A community may not receive subsequent CDBG-assistance for a senior center project until five (5) years have passed since the grant closeout date of a CDBG-assisted senior center construction or reconstruction project funded in FY 2003 or later.**

9. **Architectural Barrier Removal** - A municipality applying for assistance with an architectural barrier removal project must submit a copy of its locally approved and accepted Americans with Disabilities Act (ADA) Self Evaluation Survey and Transition Plan. The ADA was enacted in 1990 and required local governments to evaluate for accessibility all of its programs and services that had not previously been reviewed under Section 504 of the Rehabilitation Act of 1973. The Act also required preparation of a Transition Plan for removal of programmatic and structural barriers to its programs and services, and set forth a process for involving the community in the development of the Self Evaluation Survey and Transition Plan. Programmatic removal of barriers must be fully explored before considering CDBG funding for structural barrier removal.

It is the responsibility of each community to ensure that its Transition Plan is consistent with federal regulations. A community's request for Mass CDBG funding must be consistent with the priorities set forth in these locally developed documents. Communities may wish to contact the Massachusetts Office on Disability or the U.S. Department of Justice for specific questions regarding the ADA and the Rehabilitation Act of 1973.

<b>E. ALLOCATION OF CDBG FUNDS TO THE COMMONWEALTH</b>
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The federal Fiscal Year 2003 HUD allocation to the Commonwealth of Massachusetts is expected to be approximately \$38,650,000. DHCD's funds are subject to availability from the federal government, which is contingent on the federal budget and appropriations process and the HUD allocation process. In addition to the HUD allocation DHCD expects to receive approximately \$500,000 in program income, for a total of \$39,150,000 available for FY 2003. These funds will be distributed during the program year to eligible cities and towns in accordance with the allocation among program components outlined below. If changes to this distribution become necessary, procedures outlined below explain how such changes will be made.

<i>PROGRAM COMPONENT</i>	<b>Mass CDBG ALLOCATION (ESTIMATE)</b>
	\$18,500,000t
<b>Community Development Fund I</b>	
<b>Community Development Fund II</b>	\$ 5,750,000t
<b>Mini-Entitlement Program</b>	\$ 7,200,000
<b>Housing Development Support Program</b>	\$ 2,500,000
<b>Business Development Fund* - includes</b> -Massachusetts Community Capital Fund -Ready Resource Fund	\$ 2,750,000
<b>Reserves</b>	\$ 850,000
<b>Bridge Financing Program**</b>	\$ 8,000,000
<b>Section 108 Loan Program**</b>	\$30,000,000
	\$ 350,000
<i>Section 108 Loan Repayments***</i>	
<b>Administration and Technical Assistance</b>	\$ 1,250,000

<b>TOTAL AVAILABLE FOR FY 2003</b> *(includes \$500,000 in program income)	\$39,150,000
**Bridge Financing and Section 108 Loan Program allocations do not impact the FY 2003 Allocation ***Section 108 Loan Repayments are budgeted but not necessarily required. This is an "up to" amount.	

tThese amounts include a combined \$1.5 million for the April 1, 2003 round for downtown related projects – comprised of \$1.1 million for CDF I and \$400,000 for CDF II.

Reallocation of funds among program components: During the year, DHCD may have cause to recapture earlier program year funds from non-performing grantees; or there may be small amounts of program funds from prior years that have yet to be used; or there may be opportunities to recapture program income generated by communities from earlier projects; or there may be extreme demand for one program component; or there may be minimal demand for one component. Funds will be reallocated depending on the timing of other components and the apparent demand for funds or to address emergency situations during the program year. When awarding those funds DHCD will use current program guidelines as established in the most recent One Year Plan. DHCD reserves the right to increase or decrease the allocation of a program component. When these cumulative changes meet the threshold criteria of an amendment, DHCD will follow the process in accordance with the State's Consolidated Plan and regulations at 24 CFR 91.505. DHCD may also have cause to fund from any allocation or resources to respond to corrective actions after program closeouts or as a result of other administrative errors.

#### **F. AVAILABILITY OF CDBG PROGRAM FUNDS**

All CDBG program funds will be available to eligible grant recipients based on applications for Massachusetts Community Development Block Grant funds and/or Notices of Funding Availability that will be distributed on a regular basis. These documents will make communities aware of the requirements of each particular component and will be available to allow communities adequate time to prepare grant applications for each program.

A single community may receive no more than \$1 million from any combination of federal FY 2003 Community Development Fund I or II, Mini-Entitlement, CDF Downtown Related Activities, and Ready Resource Fund. Awards not subject to the \$1 million cap per community include the Massachusetts Community Capital Fund (MCCF), the Housing Development Support Program, the Section 108 Loan Program, and the Bridge Financing Program.

Listed below are application distribution dates for each program and the corresponding due dates. A Notice of Availability of Funds will be issued, as appropriate, prior to release of each Application subject to the availability of federal funds.

<b>Program Components<sup>20</sup></b>	<b>Application Issued</b>	<b>FY 2003 Applications Due</b>
Community Development Funds I and II	June 2002	Thursday October 3, 2002
Mini Entitlement Program	June 2002	Thursday November 7, 2002
Housing Development Support Program	June 2002	September 5, 2002 and April 1, 2003
Business Development Fund: includes Massachusetts Community Capital Fund (MCCF)	June 2002	Continuous

<sup>20</sup> The FY 2003 applications will be operative upon their release. Actual release of funds is contingent on HUD approval of the state's One Year plan, and will be dictated by the date the state receives HUD approval on its Plan.



<b>Program Components<sup>20</sup></b>	<b>Application Issued</b>	<b>FY 2003 Applications Due</b>
Ready Resource Fund	June 2002	Continuous
Section 108 Loan Program	Available	Continuous
Bridge Financing Program	Available	Continuous

**G. EVALUATION CRITERIA APPLICABLE TO ALL CDBG PROGRAMS**

DHCD reserves the right to incorporate any or all of the following Evaluation, Regulatory and Performance criteria in its award decisions:

**Evaluation:**

- solicit and verify information from any state and federal agencies and other entities, and based on that information, reduce, increase or deny an award to a community.
- conduct site visits for any proposed CDBG project, prior to grant award, and if necessary, condition, reduce, increase or deny an award to a community.
- reduce or increase an award to a community to assure that a grant budget is reasonable.
- fund, fully or partially, a project from other state resources.
- increase an award, up to a maximum of \$60,000 above the stated maximum grant amount, for a project that substantially increases the long-term sustainability of a public facility project. This is intended to promote the construction or improvement of “green” buildings or “eco” buildings by reducing quantities of building materials, resources and embodied energy; reusing construction materials; recycling materials; and utilizing renewable energy from natural sources and renewable building materials through the use of materials, increased energy efficiency, wastes reduction, decrease of toxicity of materials and embodied energy. To earn the additional allotment the application must describe the sustainability that will be accomplished, and detail additional costs associated with the sustainable construction methods that are over and above the costs of traditional construction methods.
- resolve tie scores in a competitive fund by applying the criteria below in the following order:
  1. Applications for projects that increase the community’s supply of housing;
  2. Applications for housing and/or economic development projects that are consistent with the goals of the Administration;
  3. An application from the community with the higher Community-Wide Needs score will be funded;
  4. Regional applications; and
  5. If scores remain tied after the application of steps #1 through 4, DHCD will conduct a lottery at which a representative from HUD will be present.

**Regulatory:**

- ensure that at least 70 percent of CDBG assistance, as per federal statute, is used to support projects that directly benefit low- and moderate-income persons of the Commonwealth.

- ensure that no more than 15 percent of the FY 2003 Massachusetts CDBG allocation is for public social service activities as per federal regulation.
- deny a grant, or a portion thereof, to ensure that no more than 20 percent of the FY 2003 Massachusetts CDBG allocation is for planning and administration as per federal regulation.
- not review an application unless signed by the municipality's Chief Elected Official.

**Performance:**

- reduce an award to a community with an uncommitted program income balance of \$100,000 or more.
- reduce an award, deny a grant, or impose special conditions on a community with prior year grants with a low rate of committed or expended dollars. This includes dollar-for-dollar reductions in awards for projects funded in previous rounds for which unexpended funds remain.
- reduce an award, deny a grant, or impose special conditions on a community with outstanding, major findings that are unresolved at the time application decisions are being made; or which have otherwise had a history of significant, repeat findings. These findings could have resulted from any grant program offered by DHCD.

*Major findings* means non-compliance with a statutory requirement which, if not satisfactorily resolved by the community, would require that the federal funds be repaid by the municipality, or result in other serious sanctions.

*History of significant, repeat findings* means non-compliance with statutory or regulatory requirements in more than one grant cycle, where the community may have resolved those findings but with an unacceptably slow response.

- consider the past performance of the applicant community and its administering agency or project sponsor, including continuing prior performance issues.

**EO 418 Bonus Points** - In addition, applicants to all competitive programs that meet eligibility threshold and scoring criteria will receive an additional ten percent (10%) of the total available points if they have received certification of compliance with Executive Order 418.

**Awarding of Grants**

Based on the scores produced through the review process, grant award recommendations are made to the Director of DHCD, whose decision is final. In the competitive programs, grants are awarded for projects to municipalities that received the highest application scores and which meet applicable thresholds until all available funds are distributed. In the programs with rolling applications, grants are awarded for projects to municipalities with application scores that meet a minimum scoring threshold, or that meet other program criteria, or both. DHCD reserves the right to award a grant in whole or in part, or to reject any and all proposals received.

**Grievance Procedure**

Within forty-five (45) days of the date of the Director's written notice of grant determinations to applicant cities and towns, any municipality aggrieved by DHCD's decision may challenge the denial of its grant by submitting a letter of appeal from the Chief Elected Official of the municipality to the

Director, who shall respond no later than forty-five (45) days from the date of receipt of the municipality's appeal.

#### **H. PROGRAM SANCTIONS**

DHCD reserves the right to suspend or terminate grant awards made to eligible communities should there be instances of fraud, abuse, poor performance, misrepresentation, or extreme mismanagement, or in the event a grantee is unable to carry out a project as approved in an application. The community staff and Chief Elected Officials will have the opportunity to discuss possible sanctions prior to any formal action. If formal sanctions are recommended, grantees will be provided a full opportunity to appeal such decisions to the Director of DHCD before any final action is taken.

All program funds recaptured through the sanctions process will be re-programmed consistent with the procedures in (E) *Allocation of CDBG Funds* and (J) *CDBG Program Components*. Based on the significance of the issues involved in any such determination, DHCD may suspend, for a period of up to three (3) years or until final resolution is achieved, a community's eligibility to participate in any Massachusetts CDBG component. Such action will only be taken in extreme circumstances and only after all alternatives have been exhausted.

#### **I. CITIZEN PARTICIPATION REQUIREMENTS FOR APPLICANTS AND GRANTEES**

All applicants for funding under the FY 2003 Massachusetts CDBG Program must comply with the citizen participation requirements contained in Section 508 of the Housing and Community Development Act of 1987. DHCD expects citizen involvement in the identification of community development needs, the development of applications, program assessment and evaluation. Communities must include in their Massachusetts CDBG application a local citizen participation plan detailing how the community will provide:

1. citizen participation, with particular emphasis on participation by persons of low- and moderate-income, residents of slums and blighted areas and of areas in the state where CDBG funds are proposed to be used;
2. reasonable and timely access to local meetings, information, and records relating to the grantee's proposed use of funds, and relating to the actual use of funds;
3. information on the amount of state CDBG funds available during the year; the range of eligible CDBG activities; and how activities will benefit low- and moderate-income persons;
4. technical assistance to groups representative of persons of low- and moderate-income that request such assistance in developing proposals;
5. **a minimum of 2 public hearings**, each at a different stage of the program (development and implementation), to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at a *minimum* (a) the development of needs, (b) the review of proposed activities, and (c) review of program performance. These hearings shall be held after adequate notice, at times and accessible locations convenient to potential or actual beneficiaries, and with accommodations for persons with disabilities. At least one public hearing must be held prior to submittal of an application; a second must be held during the course of the grant year;

6. a timely written answer to written complaints and grievances, within 15 working days of receipt where practical; and
7. the plan must also identify how all residents and beneficiaries, including minorities and non-English speaking persons, as well as persons with disabilities can be reasonably expected to participate in the program in general, and at public hearings in particular.

## **J. CDBG PROGRAM COMPONENTS**

This section briefly describes the components of the Massachusetts CDBG Program. Each program component description includes eligible uses, grant award amounts, and evaluation and award criteria. In the event of conflicting language, this One Year Action Plan takes precedence over language in all program component applications. The program components are:

1. Community Development Fund I (CDF I)
2. Community Development Fund II (CDF II)
3. Mini-Entitlement Program
4. Housing Development Support Program (HDSP)
5. Business Development Fund
  - a. Massachusetts Community Capital Fund (MCCF)
  - b. Ready Resource Fund (RRF)
6. Reserves
7. Bridge Financing Program
8. Section 108 Loan Program
9. Administration and Technical Assistance by DHCD

### **1. COMMUNITY DEVELOPMENT FUND I (CDF I)**

#### **Program Description**

The Community Development Fund I (CDF I) annually awards grants to communities throughout the Commonwealth. This program helps eligible cities and towns to meet a broad range of community development needs in housing, business development, physical development, downtown revitalization, and public social services. It supports CDBG-eligible activities and encourages applicants to develop comprehensive, creative solutions to local problems. The CDF I Fund is targeted to communities with high Community-Wide Needs scores (ranging from 17 to 25) and very limited financial ability to address those needs with local funds. See Exhibit 4 for Community-Wide Needs Scores and Exhibit 5 for the indicators and formula used to derive the scores.

In federal FY 2003 DHCD expects to award approximately \$18,500,000 in CDF I grant funds, depending upon Massachusetts' federal allocation. Of that amount, \$1.1 million will be set aside for the April 1, 2003 supplemental round.

#### **Grant Award Amounts**

Applicants for a CDF I grant will be eligible to receive up to the following amounts based on the type of application submitted:

<b>Category</b>	<b>Minimum Grant from Competitive Round:</b>	<b>Maximum Grant from Competitive Round:</b>
Single Community	<b>\$ 100,000</b>	<b>\$ 700,000</b>
Single Community – One major	<b>\$ 100,000</b>	<b>\$ 750,000</b>

infrastructure project		
Two Communities	<b>\$ 100,000</b>	<b>\$ 800,000*</b>
Three or more Communities	<b>\$ 100,000</b>	<b>\$ 1,000,000*</b>
Joint/regional housing activities	<b>\$ 100,000 per community</b>	<b>\$ 1,600,000*</b>
Planning-only grants	<b>\$ 20,000</b>	-----

\* The maximum award for joint/regional applications is \$800,000 for two communities and \$1,000,000 for 3 or more communities. However, such applications that include joint/regional housing activities in each community may receive up to a total of \$1,600,000, provided that the entire increment above the respective \$800,000 and \$1,000,000 caps is allocated toward housing-related activities. In any case, no one single **CDF I** community in a joint/regional application may receive more than **\$700,000**. Finally, applications with joint/regional housing activities must allocate a minimum of \$100,000 to each community for those housing-related activities.

The maximum CDF I grant award is now \$700,000, an increase of \$100,000 from prior years. The additional \$100,000 may be applied only toward project costs; general administration costs will continue to be based on a \$600,000 grant. There is a minimum grant amount of \$20,000 for planning-only grants.

There is a maximum grant amount of \$400,000 for the April 1, 2003 supplemental round. No CDF I community shall receive a combined total of more than \$700,000 for downtown related activities from the October 3, 2002 CDF and April 1, 2003 supplemental application rounds.

#### **Requirements:**

1. CDF grants are **Single Year Grants** based on an 18-month implementation period. Communities should not apply for funds if the proposed project is not ready to proceed.
2. Two or more communities may apply **jointly or regionally**. *"Regional" is not limited to geographically contiguous cities and towns.* In order to comply with federal requirements governing such applications, each participating community would:
  - enter into an inter-local agreement that will allow a lead community to conduct grant activities within other communities;
  - sign the application certifications stating compliance with program regulations; and
  - demonstrate in the application how the requested funds will be allocated among all participants.

Each participating community in a joint or regional application must have a locally approved Community Development Strategy on file at DHCD, and all projects in the application must be consistent with those documents.

CDF I communities may also join with CDF II or Mini-Entitlement communities as joint applicants for housing activities only, with limitations as described above, and below in Section J. 2 – Community Development Fund II. Please note that the maximum allocation per CDF I community within a joint application of \$700,000 also applies to housing activities; the maximum per CDF II and Mini-Entitlement remains at \$600,000.

3. An applicant is eligible to apply to Community Development Fund I if its FY 2003 Community-Wide Needs Score, rounded to the nearest integer, is 17 or greater on a scale of 25. Communities with a Community-Wide Needs Score of 17 or 18 may instead choose to apply to

the Community Development Fund II. Community Wide Needs Scores are available in Exhibit 4.

4. Communities may apply once under the single application category and once as a participant (including as a lead applicant) in a joint or regional application. In addition, a municipality may not receive funds for the same activity under more than one CDF application during any one Mass CDBG federal fiscal year.
5. All CDF I applications must be received by DHCD by **Thursday October 3, 2002, at 5:00 PM** or at the end of business, whichever is later.
6. All applications for the supplemental CDF downtown related round must be received by DHCD by **Tuesday April 1, 2003, at 5:00 PM** or at the end of business, whichever is later. A community may receive funding through only one of the FY 2003 CDF rounds.

### Evaluation and Award Criteria

Application review and awards will be governed by the criteria and procedures as described above (Sections A through I), and the following criteria, process rules and special requirements. Additional detail on evaluation criteria and the review process will be in the FY 2003 Community Development Fund I Application Package.

1. Applications will be scored on a 100-point system as follows:

CRITERION	POINTS
Community Wide Needs	25
Community Needs Narrative	10
Project Need	20
Project Feasibility	20
Project Impact	15
Community Impact	10
<b>Total</b>	<b>100</b>

Each criterion is described below. Please be advised that applicants must meet a minimum threshold for **Project Feasibility -- i.e., each project must appear to be feasible to undertake and complete or the other criteria will not be scored.**

**Community-Wide Needs** - are scored by DHCD, based on a set of criteria including population demographics, economic conditions, the community's fiscal condition, and assorted community development need indicators. A complete list of indicators is described in Exhibit 5. Communities are encouraged to submit a written request for their need scores. A community or its designee may make the request. DHCD will notify the community's Chief Elected Official of when and to whom the score is mailed. Only the lead community of a joint or regional application needs to submit a request for the community-wide needs score. Regional and joint applications will receive needs scores based on an aggregation of data for the participating communities. (25 points)

**Community Need** - is a narrative in which applicants describe local or regional conditions and needs such as demographics, municipal management capacity, municipal finance, education, housing, capital and infrastructure needs, and socio-economic factors. This section will be scored based on the comprehensiveness of factors discussed, the severity of needs described and the degree to which the needs are confirmed by verifiable

information contained in the narrative. Regional and joint applications will be scored based on a narrative addressing needs of all participants. (10 points)

**Project Need** - requires applicants to document and describe the particular needs that will be addressed by each proposed project and the severity of those needs. This section will be evaluated on the severity of need, the need for CDBG funds to undertake the project, the reasons local resources are not available, efforts to secure other funds to address the need, the demand for the proposed project, and involvement by the community and target population in the development of the project or program. (20 points)

**Project Feasibility** - requires applicants to document and describe elements that demonstrate the feasibility of the project and the ability of the applicant to complete the project within the 18-month grant implementation period. Project Feasibility will be evaluated on the following factors: readiness of the project to proceed; reasonableness of project funding when compared to similar projects; the reasons why the proposed project is best able to meet the identified needs as compared to alternative approaches; and completeness and reasonableness of timeline. (20 points)

**Project Impact** – requires applicants to document resources leveraged, and describe the impact of the proposed project on the target population or target area including physical and visual impacts, if applicable. It will be scored on the extent to which other resources are leveraged, cost effectiveness, the impact upon the target area or target population, the number of persons to benefit from the proposed project, quantitative and qualitative assessment measures, an assessment of the impact of previously funded activities, and the degree to which the project substantially addresses the purposes of Executive Order 418 by addressing the shortage of housing for individuals and families across a broad range of incomes. (15 points)

**Community Impact** - Successful applicants will demonstrate that the proposed project(s) will: be integrated with local plans and/or state initiatives; address significant community need; result in completion of ongoing CDBG projects/programs and related local efforts; benefit a substantial number of low to-moderate persons; result in a self-sustaining program(s); and sustain local community development capacity. (10 points)

2. To be determined fundable, a project packet must earn a score of at least 33 points out of the 55 possible for Project Need, Feasibility, and Impact, combined.
3. Applications with more than one project packet (component) to be considered for funding will receive a single Project Score that is based on the average score for each project that meets the thresholds enumerated above then rounded to the nearest whole number.
4. When all applications have been reviewed, each packet score will be rounded to the nearest whole number. DHCD will fund proposals by ranking the scores from highest to lowest.

## **2. COMMUNITY DEVELOPMENT FUND II (CDF II)**

### **Program Description**

This program helps the state's non-entitlement cities and towns meet a broad range of community development needs in housing, business development, physical development, downtown revitalization and public social services. In federal FY 2003, DHCD expects to award \$5,750,000 under the

Community Development Fund II (CDF II) to eligible applicants, depending upon the allocation of federal funds from HUD. Of that amount, \$400,000 will be set aside for the April 1, 2003 supplemental round.

### Grant Award Amounts and Requirements

Applicants for a CDF II grant will be eligible to receive up to the following amounts based on the type of application submitted:

Category	Minimum Grant from Competitive Round:	Maximum Grant from Competitive Round:
Single Community	\$ 100,000	\$ 600,000
Joint/regional housing activities	\$ 100,000 per community	\$ 1,600,000*
Planning-only grants	\$ 20,000	-----

\*No one single **CDF II** community in a joint/regional application may receive more than \$600,000 in FY 2003 funds. Also, applications with joint/regional housing activities must allocate a minimum of \$100,000 to each community for those housing-related activities.

There is a minimum grant amount of \$20,000 for planning-only grants.

There is a maximum grant amount of \$400,000 for the April 1, 2003 supplemental round. No CDF II community shall receive a combined total of more than \$600,000 for downtown related activities from the October 3, 2002 CDF and April 1, 2003 supplemental application rounds.

This program is available to communities with a Community-Wide Needs Score equal to or less than 18 out of 25 points for federal Fiscal Year 2003. Communities with a Community Wide Needs Score of 17 or 18 may choose instead to apply to the CDF I. Community Wide Needs Scores are available in Exhibit 4. All requirements of the CDF I apply to the CDF II except as follows:

- communities cannot apply to both CDF I and CDF II.
- only single municipalities may apply to CDF II for most project components (except as noted below in the discussion regarding participation in regional housing activities).
- the maximum grant award is \$600,000; the maximum joint / regional housing grant is \$1,600,000.

CDF II communities may join with a CDF I and/or a Mini-Entitlement lead applicant or with another CDF II for housing activities only. Participation by CDF II communities in joint applications is limited to housing activities. Joint/regional applicants are not limited to geographically contiguous cities and towns. The Community Wide Needs Score of CDF II applicants will not be considered in the composite regional Community Wide Needs Score. Participation in a regional application will not prohibit an eligible CDF II applicant from applying individually to the CDF II, within the stated restrictions.

#### The following conditions apply to such joint/regional housing applications:

- The maximum grant awards for applications with joint/regional housing activities will be capped at \$1,600,000, in accordance with the Maximum Grant Amounts appearing in the chart above. The maximum allocation per community within a joint application will be capped at \$600,000.
- A minimum of three (3) housing units must be completed in each participating CDF II community. Lead communities may use these additional funds only for the cost of the



additional housing activities outside the lead community and for related project administration.

- Funds allocated to the CDF II communities for joint housing activities will not be included when calculating the \$1 million cap in Mass CDBG funds that the lead CDF I or Mini-Entitlement communities may receive in a fiscal year.
- Funds allocated to the CDF II communities for joint housing activities will be included when calculating the \$1 million cap in Mass CDBG funds that participating CDF II communities may receive in a fiscal year.

All CDF II applications must be received by DHCD by **Thursday October 3, 2002, at 5:00 PM** or at the end of business, whichever is later.

All applications for the supplemental CDF downtown related round must be received by DHCD by **Tuesday April 1, 2003, at 5:00 PM** or at the end of business, whichever is later. A community may receive funding through only one of the FY 2003 CDF rounds.

### **LIMITATIONS/CONDITIONS ON SUBSEQUENT CDF II APPLICATIONS**

Receiving an award from the Community Development Fund II precludes a community from applying to a Community Development Fund program the following **two** federal fiscal years, except in the following instances:

- A Community Development Fund II eligible community that has not received a CDF II grant award on its own but which has participated with a Community Development Fund I or Mini-Entitlement community for **housing activities** may apply to the Community Development Fund.
- A Community Development Fund II eligible community that has received a CDF II grant award in FY 2001 or FY 2002 on its own may be a participant with a CDF I, CDF II or a Mini-Entitlement community, for **housing activities only**.
- A CDF II eligible community that has successfully administered an FY 2001 or FY 2002 housing related grant on its own may be eligible to be a single or lead applicant for **housing activities only**.
- A community awarded FY 2002 funds for a architectural/engineering planning-only project may apply in FY 2003<sup>21</sup> for funding to implement the planned project. However, the FY 2003 grant request will be decreased by the amount of the FY 2002 grant award. For example, if in FY 2002 a community is awarded \$50,000 for a planning project, then in FY 2003 the community may apply for implementation funding at the FY 2003 grant limit, with the maximum grant award reduced by \$50,000.

See Exhibit 3 for a list of communities that may not apply for CDF funds in FY 2003.

### **Evaluation and Award Criteria**

Applications will be reviewed according to the same criteria and process for activities as detailed in the discussion above describing criteria for CDF I. However, the Community-Wide Needs Score will not be factored into the evaluation. The application will be scored on a 75-point scale.

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<sup>21</sup> Dependent upon US Department of Housing and Urban Development's approval of the Commonwealth's FY 2003 One Year Action Plan.

### 3. MINI- ENTITLEMENT PROGRAM

#### Program Description

Municipalities were selected to be Mini-Entitlement communities if they met the following criteria: (1) Community Wide Needs Score of 19 or higher; (2) ranking within the top 30% in the state of: a) population, b) percentage of low- and moderate-income households, c) the number of pre-1939 housing stock, and d) population density; and (3) were Mini-Entitlement communities in FY 1999. In Federal FY 2003, DHCD expects to award \$7,200,000 from the Mini-Entitlement Program allocation to 12 designated Mini-Entitlement municipalities, listed below:

Amesbury	Gardner	Methuen	Revere
Chelsea	Greenfield	North Adams	Southbridge
Everett	Marlborough	Northbridge	West Springfield

This program helps larger non-entitlement urban communities with the highest needs scores improve conditions for their low- and moderate-income residents through comprehensive planning and predictable funding. Through this program, identified cities and towns can meet a broad range of community development needs in housing, business development, physical development, downtown revitalization, and public social services. It supports all CDBG-eligible activities and encourages applicants to develop comprehensive, creative solutions to local problems.

#### Grant Award Amounts and Requirements

The maximum grant award is \$600,000. Mini-Entitlement applications will contain a 18-month implementation and cash flow plan. Release of the FY 2003 allocation, however, is contingent on 1) the community's adherence to the timely expenditure threshold (see Exhibit 2), and 2) continued availability of federal funding.

#### Evaluation and Award Criteria

The following requirements apply to the Mini-Entitlement Program:

1. In accordance with the Massachusetts CDBG Priorities listed in Section A, DHCD seeks to fund projects identified through meaningful community-based planning and priority setting processes as described in SECTION D. 7.
2. Each Mini-Entitlement grantee must submit an updated community development strategy as detailed above in SECTION D. 7.
3. All FY 2003 Mini-Entitlement applications must be received no later than **Thursday November 7, 2002**. The Application must describe how CDBG funds will be allocated; include goals and performance measures for each activity; demonstrate compliance with a federal national objective and all federal/state requirements; and provide a management plan. The application shall consist of the project packets of the Community Development Fund I and II and the Ready Resource Fund Application — describing and documenting project needs, feasibility and impact. The project packets will not be scored.
4. All activities that are eligible under Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended, will be considered for funding with the exception of organizational activities of downtown partnerships.

5. **Mini-Entitlement communities may join with CDF I or CDF II communities as joint applicants for housing activities only**, with limitations as described above in Section J. 2.

#### **4. HOUSING DEVELOPMENT SUPPORT PROGRAM**

##### **Program Description**

The Housing Development Support Program (HDSP) is designed to facilitate small project-specific affordable housing initiatives with emphasis on creation, preservation or improvement of housing units, which may not be cost-effective under alternative development assistance programs or with conventional financing. Eligible projects include: rehabilitation; homeownership; reclamation of abandoned/foreclosed properties; related infrastructure in support of affordable housing; and conversion of under-utilized and obsolete structures.

##### **Grant Award Amounts and Requirements**

###### Notice of Intent Process

Communities must submit a Notice of Intent (NOI) in order to apply for HDSP funds. A NOI may be obtained by contacting HDSP staff, and must be submitted under signature of the community's Chief Elected Official.

The NOI must be received by DHCD at least seven (7) weeks prior to the application due dates. For HDSP applications, a NOI must be received by DHCD no later than **Thursday July 18, 2002** for the first round of FY 2003 funds, and **Tuesday February 11, 2003** for the second round.

Applicants are encouraged to submit the NOI at any time in advance of the NOI deadlines. The flexible NOI process is intended to accommodate scheduling and to provide additional time for application preparation.

The NOI provides essential information about the project and confirms its consistency with HDSP eligibility requirements. HDSP staff will review NOIs, and an initial informational meeting will be scheduled with the community.

Following the initial meeting, the applicant community will be notified in writing if it will be invited to submit an application and if any additional information is needed. If, on the basis of the initial meeting, the community is not invited to submit an application, such notice will detail the reasons.

###### **Other Application Requirements**

Applications are due by 5:00 PM or the end of business day on **Thursday September 5, 2002** for the first round of FY 2003 funds, and **Tuesday, April 1, 2003** for the second round.

HDSP funding is limited to projects containing fewer than eight units. NOTE: Housing projects serving persons with special needs, and single-room occupancy (SRO) projects may exceed the seven-unit limit.

Project grant amounts will be limited to a minimum of \$100,000, and a maximum of \$400,000, plus administrative costs. If the project provides an extraordinary benefit to the community, the Director of

DHCD may provide a waiver to increase the maximum to \$500,000 plus administrative costs as approved by DHCD.

For most projects, all state and federal grants combined for most projects shall not exceed 75 percent of total actual project costs. Please note that projects exclusively benefiting special-needs populations may qualify for up to 100 percent of total actual project costs. The Director of DHCD may waive the 75% criterion if circumstances so warrant. Prior consultation with HDSP staff is required prior to requesting a waiver.

Projects receiving funding from any source administered by DHCD's Division of Private Housing are excluded from applying to HDSP.

DHCD reserves the right to limit the number of applications a community may submit in one fiscal year.

### **Housing Development Support Program (HDSP) Guidelines**

The HDSP will provide \$2,500,000 in FY 2003, to fund smaller projects in communities that address a variety of activities supporting the development, improvement and retention of public or private housing affordable to low- and moderate-income persons. Eligible activities will include, but not be limited to:

- moderate and substantial rehabilitation and new construction (within HUD restrictions) of residential and mixed-use structures;
- home ownership initiatives;
- special needs housing;
- reclamation of abandoned and/or foreclosed properties; preservation of "at risk" affordable housing;
- the provision of necessary infrastructure improvements supporting affordable housing;
- the conversion of under-utilized or obsolete structures to housing; and
- acquisition, site preparation, infrastructure, and demolition supporting affordable housing.

### **Evaluation and Award Criteria**

All HDSP projects must comply with the low- and moderate-income National Objective. The requirements set forth in Section D: *APPLICANT/PROJECT THRESHOLDS* above will govern application review and awards.

Applications will be scored on a 100-point system as follows:

<b>CRITERION</b>	<b>POINTS</b>
Affordability	20
Readiness to Proceed	30
Development Team Capacity	10
Site and Design	20
Cost Effectiveness	20
<b>Total</b>	<b>100</b>

Applications must receive a minimum of 70 points to be eligible for funding. Criteria are described below.

The review and scoring of HDSP applications will be based on the materials submitted in the application as received on the deadline date, i.e., in an “as submitted” condition. Any information that is not included will be considered to be missing, and the application evaluated accordingly. DHCD reserves the right to adjust award amounts based on this condition.

**Feasibility Threshold** - All projects must demonstrate financial feasibility, including adequate sources available for all costs based on reasonable cost estimates and financial need, and sufficient revenues to pay expenses based upon reasonable assumptions. Sources and uses of funds are limited to actual documented cash/expenditures specific to the proposed project. Project rents/sales prices must be within HDSP limits for affordable units and must be affordable to the household sizes that could reasonably be expected to occupy the units based on the number of bedrooms. Proposals must also demonstrate site control, major permit approval, and that a market exists for the type of unit proposed at the rent or sale price projected. Proposals that do not meet this feasibility threshold will not be further evaluated.

**Affordability** - All projects will be evaluated according to the affordability term to be secured by rental/resale restrictions proposed beyond the fifteen-year threshold, and the proposed percentage of affordable units available for low- and moderate-income occupancy. (20 points)

**Readiness To Proceed** - At a minimum, applicants must provide evidence that the project can be implemented and completed within the grant term. Projects will also be evaluated on status of financing commitments, site control, land use and zoning requirements, other necessary approvals and relevant factors. (30 points)

**Development Team Capacity** - The track record and levels of previous comparable work experience of the project developer, applicant community, development consultant, architect, management agent, and service provider, if applicable, will be reviewed and assessed, including quality of such work and the schedule of its delivery. Inexperienced developers who retain an experienced development consultant may be scored in part based upon an evaluation of the consultant. DHCD may take into consideration an applicant's qualifications, history, experience, and past performance (if any) in housing development with DHCD and other government and quasi-public agencies, as well as the technical assistance and support the community intends to provide to a less-experienced developer. (10 points)

**Site and Design** - The quality of the site will be reviewed based on desirability of location, convenience, adequacy of utilities, appropriateness of design for the site, and the absence of significant development constraints such as adverse environmental conditions. In addition, proposed projects will be reviewed on the basis of site conditions (e.g., ledge, grade, soil suitability), condition of existing structure (including adaptability to proposed use), and neighborhood characteristics.

The proposed design will be reviewed for visual impact, overall plan layout, site design, appropriateness of building design and amenities, including suitability for target population, and adequacy of the proposed scope of work. (20 points)

**Cost Effectiveness** - Each applicant must demonstrate that it is requesting the minimum amount necessary to produce a viable project, taking into account all other potential sources of funding and all opportunities to reduce costs to reasonable and necessary levels. Evaluation under this criterion will include total development costs per unit, HDSP cost per unit, developer fees and overall soft costs as a percentage of total development cost, per unit operating costs, and reasonableness of costs when compared to similar projects. (20 points)

## **5. BUSINESS DEVELOPMENT FUND**

### ***Massachusetts Community Capital Fund and Ready Resource Fund***

#### **Program Description**

The Business Development Fund, comprised of the Massachusetts Community Capital Fund and the Ready Resource Fund, offers financing solutions to meet the needs of businesses which retain and/or create low- and moderate-income jobs, strengthen the local tax base, support revitalization efforts and enhance the quality of life in the community. This economic development program is offered to local communities for industrial, commercial, service, real estate or mixed-use projects.

This program funds a broad range of economic and community development projects. Economic development projects may include assistance to non-profits and for-profits including small businesses and microenterprise; loans – or loan/grant combinations - for working capital, machinery and equipment, or other business improvements; pre-development studies; economic development planning projects; and public facilities, infrastructure, or public services supporting economic development. Funds can be used by a community or its subgrantee to assist economic development projects with planning, design and engineering, construction, rehabilitation, purchase of machinery and capital equipment, working capital, credit refinancing, incumbent workforce training, real estate acquisition, or public services programs.

DHCD anticipates that \$3,250,000 will be available to the Fund during FY 2003: \$2,750,000 will be available from the FY 2003 CDBG allocation, which will be supplemented by an estimated \$500,000 from revolving loan fund program income that DHCD expects to earn during the program year.

#### ***a) Massachusetts Community Capital Fund (MCCF)***

#### **Grant Award Amounts and Requirements**

- MCCF loans are made to individual businesses or eligible entities via the municipality. Funds can be used for real estate acquisition, new construction and rehabilitation, purchase of machinery and capital equipment, working capital, and credit refinancing.
- Applications will be accepted on an ongoing basis throughout the year.
- DHCD reserves the right to limit the number of applications a community may submit in one fiscal year.
- MCCF will fund up to one-third (1/3) of the total project costs.
- Financing to a given borrower will be limited to \$500,000 in a fiscal year.
- The minimum financial assistance to a given borrower will be \$100,000.
- The Director of the Department of Housing and Community Development may waive program guidelines to allow for:
  - awards greater than 1/3 of total project costs
  - financing above \$500,000
  - financing below \$100,000

The applicant would need to demonstrate extraordinary circumstances and a strong rationale in order to receive any of these waivers. If the applicant anticipates the need for a waiver, it will be necessary to review all factors leading to this request with appropriate CDBG staff.

- Program Income from the repayment of MCCF loans has been and/or will be deposited in a revolving loan fund account established under Community Development Block Grant regulations and remain with DHCD. The amount of program income available may vary if MCCF loans are either prepaid or the borrower defaults on payments.
- The amount requested/awarded may also include program administration costs to the community.
- Loan repayments will be made to a DHCD authorized agent, as specified in the community's contract with DHCD.
- Loan terms are flexible.

### **Evaluation and Award Criteria**

Application review and awards will be governed by the following criteria, process rules and special requirements. MCCF applicants will be evaluated according to a two-stage process, which consists of (1) preliminary screening and (2) the formal application.

- (1) Preliminary Screening - A project that is potentially able to achieve a national objective will be invited to submit basic financial and business information and a project design. CDBG staff undertake a preliminary screening, which will address the following program requirements:
  - The likelihood that the project will meet a CDBG **national objective**, i.e., either create or retain jobs for low- and moderate-income persons, or eliminate a slum or blighting condition. For projects qualifying under benefit to low- and moderate-income persons, additional evaluation factors include such public benefit considerations as: number of jobs to be created and/or retained; the quality of those jobs as reflected in wage levels and employee benefits; and CDBG dollars per job (\$20,000 per job or less is preferred).
  - **Credit quality** - Evaluation factors include viability of the business or development project, ability to generate cash flow to service debt, and availability of collateral to secure the loan.
  - Financial **need for CDBG funds**, with underwriting guidelines established by the US Department of Housing and Urban Development and state policies.
- (2) Formal Application - If a project is deemed likely to fulfill the program requirements, the municipality will be invited to submit a complete application on behalf of the prospective borrower. The three-part analysis above is again reviewed and completed in detail. The applicant community's adherence to relevant federal and state regulations is reviewed. Denial of the application at this stage may result from causes including but not limited to (i) the city's or town's failure to adhere to regulations or the required process, (ii) adverse changes in the project, and (iii) new information about the project.

### **(b) Ready Resource Fund**

## Grant Award Amounts and Requirements

- Applicants may apply for a wide range of eligible activities supporting economic development including, but not limited to: planning and pre-development studies; acquisition; micro and small business technical assistance programs and regional revolving loan funds; business technical assistance; public social services related to economic development; and infrastructure and public facilities projects in support of economic development. RRF funds may also be used as a source of equity in tandem with MCCF.
- The Ready Resource Fund will assist an organization/entity providing economic development loan funds, if the organization can demonstrate management capacity and has an established track record of providing/servicing such loans.
- Ready Resource Fund grants will generally be limited to a maximum of \$400,000. A waiver may be granted by the Director of DHCD to increase the grant to a maximum of \$500,000. There is a \$50,000 cap, inclusive of planning-related general administration, on all planning grants in a Ready Resource Fund (RRF) application.
- Grants are based on an 18-month implementation cycle.
- Applications will be accepted on an ongoing basis throughout the year, based on funding availability.

## Evaluation and Award Criteria

The following criteria, processes, rules and special requirements will govern application review and awards.

RRF applicants will be evaluated according to a two-stage process, which consists of (1) completion of an AIF and initial meeting and (2) the application.

- (1) AIF/Initial Meeting - The applicant must submit an Application Information Form (AIF) before DHCD will consider a Ready Resource Fund application. Upon receipt of the AIF, CDBG staff will schedule an initial informational meeting between program staff, and representative(s) of the municipal government to determine if the proposed project meets basic program requirements.

Following the initial meeting, the applicant community will be notified in writing of the status of its RRF proposal. If the proposed project(s) appears likely to meet all program requirements, and funding remains available, then the community will be invited to submit a full application. If the proposed project(s) is(are) unlikely to meet program requirements, the community may reformulate the project(s) to address identified inconsistencies or deficiencies, and request another meeting. In no case will more than one revision be considered for a proposed project.

- (2) Application - If the proposed project is considered by program staff to be consistent with program requirements, and likely to meet the threshold criteria discussed in Section D: *APPLICANT/PROJECT THRESHOLDS* above, CDBG staff will invite the community to submit an application. If the applicant does not submit an application within three (3) months of the date of the invitation letter, it will be required to submit another AIF and



repeat the two-step application process in order for DHCD to further consider the proposed project.

Applications will be reviewed for completeness, documentation of application / project thresholds, and responses to project-specific questions and comments (project conditions) included in DHCD's letter of invitation. To be considered for funding, a proposed activity must meet all thresholds, and must address all project conditions to the satisfaction of DHCD. In the event there are insufficient funds for all eligible applications, DHCD reserves the right to consider Ready Resource applications out of order of receipt based upon a review of the number of jobs to be created or retained, the impact of a project on the local tax base, such as increase in tax revenues, sudden job loss, levels of matching or leveraged funds, or other compelling circumstances.

## **6. RESERVES**

On rare occasion, an exceptionally worthy application may fail to be funded in a competitive round, or DHCD may identify an innovative project that has not been funded with Mass. CDBG resources. A maximum of \$850,000 will be used to fund projects (not necessarily an entire application) which: (1) are consistent with the goals of the Administration but have not been competitive; (2) have not been previously funded due to cases of administrative error or (3) are deemed innovative by DHCD. Innovative projects include those that would not normally be funded through a competitive round and are unlike any project previously funded by DHCD. The maximum grant amount for an innovative project is \$300,000.

Projects must meet CDBG national objective and eligibility requirements, rules and regulations, feasibility, and project threshold score. Thereafter, the Director will make the decision regarding which applications will be funded. Interested parties are to first contact Lou Martin by telephone at (617) 727-7001, extension 402 or e-mail at [Louis.Martin@state.ma.us](mailto:Louis.Martin@state.ma.us) to discuss projects that may be eligible for "reserves" funding.

## **7. BRIDGE FINANCING PROGRAM**

### **Program Description**

The Bridge Financing Program is a short-term loan program -- up to 18 months -- that enables communities to borrow against the Commonwealth's annual CDBG allocation. DHCD will make up to \$8 million available during FY 2003. Loans will be provided for housing and economic development projects that meet Massachusetts CDBG threshold requirements, national objective criteria, and project evaluation criteria.

### **Loan Amounts and Requirements**

Bridge Financing loan amounts will range from \$250,000 to \$2,000,000. The loan amount will not be included in the \$1 million annual limit that grantees may receive from the Commonwealth's annual CDBG allocation.

### *Evaluation and Award Criteria*

All projects must demonstrate financial feasibility and comply with all applicable Application/Project Threshold Criteria described in Section D.

All housing development and economic development assistance projects will be evaluated according to a two-step application process comprised of: (1) a pre-application form and project meeting and (2) a full application submittal.

(1) Pre-Application/Project Meeting - The applicant must submit a Pre-Application Form before DHCD will consider a full Bridge Financing Program application. Upon receipt and review of the Pre-Application Form, a meeting involving program staff, one or more local official(s) from the applicant community, and at least one member of the project's development team will be scheduled to further discuss the details of the project.

(2) Full Application Submittal - Following the Project Meeting, the applicant community will be notified in writing regarding the status of their project proposal. If it appears likely that the project proposal will meet all program requirements, and funding remains available, then the community will be invited to submit a full application. What constitutes a full application submittal will tend to vary from proposal to proposal, but each invitation letter will specify what the applicant community will be required to submit to DHCD. The applicant community will have up to three (3) months from the date of its invitation letter to submit the full and complete application to DHCD.

Projects must exhibit readiness to proceed, and meet all CDBG requirements. The short-term nature of the Bridge Financing loan limits the types of projects that will be financed.

### **Loan Security**

Each loan will be fully secured by an unconditional, irrevocable line of credit from a commercial lending institution for the full amount of the loan principal and interest. The line of credit shall be provided by the end-recipient of the CDBG Bridge Financing funds, naming the Massachusetts Department of Housing and Community Development as beneficiary/payee. In addition, the line of credit shall be unconditionally available for drawdown by DHCD in the amount of any shortfall within 30 days of the date that the loan fails to meet the agreed repayment schedule, or upon failure of the grantee or borrower to comply with other specified terms and conditions of the loan agreement.

## **8. 108 LOAN PROGRAM**

### **Program Description**

The Section 108 Loan Program allows eligible communities to access federal loan funds for the purpose of aiding revenue-producing development activities. The program provides communities with a source of loan financing for community and economic development efforts involving industrial, service, commercial real estate, and housing or mixed-use projects. Funding is provided to the community to loan to the business or other entity.

The Commonwealth guarantees repayment of the HUD loan, and pledges its future CDBG allocation as collateral. Actual funding will be provided through the sale of notes by the federal Department of Housing and Urban Development.

This year the Commonwealth will pledge up to \$30 million in future CDBG allocations in support of these eligible activities.

### **Grant Award Amounts and Requirements**

- The minimum award from this program is \$500,000 and the maximum is \$5 million. The loan amount will not be included in the \$1 million annual limit that grantees may receive from the Commonwealth's annual CDBG allocation.
- In general, awards from the Section 108 Loan cannot exceed 40% of the total project costs. However, DHCD will consider guaranteeing public infrastructure projects to a percentage greater than 40% on a case by case basis;
- DHCD is willing to consider phased projects, with the caveat that the time frame for full implementation is a maximum of five years or less;
- DHCD or HUD may disapprove applications, or approve a reduced guarantee or approve the request with conditions, such as but not limited to additional collateral and guarantees depending on the structure of the proposal; and
- Loan repayments will be made according to federal regulations, paid to the state on the basis of an agreement between the state (DHCD) and the grantee.

### **Section 108 Guidelines**

Eligible activities include:

- Acquisition of developed or undeveloped property;
- Rehabilitation of real property;
- Acquisition, construction, reconstruction, rehabilitation or installation of commercial or industrial buildings, structures, and other real property equipment and improvements;
- Relocation payments and other relocation assistance;
- Site clearance and site preparation and construction of public improvements; and
- Payment of issuance, underwriting, servicing and other private sector financing costs.

### **Evaluation and Award Criteria**

*Applicants must contact DHCD prior to submission of an application.* A two-stage process for evaluating potential applications is in effect, consisting of a preliminary screening and a formal application. Applicants also need to review the evaluation criteria and the review process information found in the Section 108 Program Application. Applications will be reviewed on a first come, first served basis, provided that threshold criteria are met and funds are available.

Successful applicants will receive project money from HUD, but the Commonwealth guarantees the repayment of the loan. The Commonwealth pledges its future CDBG grant funds to repay the federal government should a non-entitlement recipient of a Section 108 Loan default. DHCD will not pledge other collateral of the Commonwealth in support of proposals. Any additional security required by HUD must come from another source. The state has developed an application that provides for thorough review including the following criteria:

- activity must meet a CDBG National Objective, and Public Benefit standards in the case of economic development projects;
- project goals and activities are clearly defined;

- local efforts are consistent with state's economic development agenda;
- creation of public benefits;
- if the public benefit is jobs, the total number and quality of jobs created or retained;
  - viability and feasibility of the proposed project;
- revenue projections and firm financial information of the proposed activity;
  - revenue source for repayment of the loan must be clearly described and sufficient collateral available to secure the loan, appropriate to the level of exposure and risk;
  - application must clearly demonstrate efforts to find conventional financing;
  - the amount of financing required and information on any program income that the activity may generate must be included in the application;
  - effective and capable management of the proposed activity;
  - analysis of primary and secondary economic and fiscal impacts of the proposed activity;
  - local community development needs and distress factors as demonstrated by a narrative or a variety of demographic statistics.

## **Section 108 Loan Activities**

DHCD is currently reviewing one application, and a second project is under review in the pre-screening stage. If the project sponsors proceed, and the applications are successful, DHCD would commit to use the Section 108 Loan Program to secure financing and guarantee loans for projects during calendar year 2003. The projects are as follows:

Everett - TeleCom City: An approximate \$3 million loan for acquisition, relocation and demolition expenses in the Everett portion of this 200-acre, multi-city (Everett, Malden, and Medford) telecommunications industry campus. A total of 100 low- and moderate-income jobs will be created initially, with the long-term potential for over 7,000.

North Adams - Massachusetts Museum of Contemporary Art (MASS MoCA): Approximate \$4.3 million loan to partially fund real estate development by the non-profit museum foundation. The \$13 million project involves rehabilitation of two buildings. This project is Phase II of the City and MASS MoCA's revitalization plan for one of North Adams' most distressed neighborhoods.

## **Loan Default**

In the event of loan default, DHCD must be prepared to repay the Section 108 loans to HUD out of the Commonwealth's annual CDBG allocation. In addition to a pledge of future CDBG funds, collateral is provided from other sources, and the two noted above will be heavily collateralized with non-CDBG resources. The possibility exists, however, that the loans default and will need to be repaid from the annual allocation. In FY 2003 the potential liability, or repayment total, could be up to **\$350,000** if the loans default.

If the loans do not default, or if there is default but the collateral is sufficient to cover the loan repayment (or a portion thereof), then DHCD will reallocate all (or part) of the budgeted default amount among other program components.

Please note that DHCD and HUD scrutinize Section 108 projects very carefully since any loan defaults are guaranteed by future CDBG funds and therefore could have a significant and deleterious effect on future year applications of other cities and towns.

## **9. ADMINISTRATION AND TECHNICAL ASSISTANCE BY DHCD**

The Commonwealth of Massachusetts uses CDBG funds for administrative costs incurred by DHCD during the operation of the Massachusetts CDBG Program. As allowed by federal statute, this amount will equal two percent (2%) of the entire annual grant allocation, plus \$100,000.

An additional one percent (1%) of the allocation will be used for direct technical assistance to eligible municipalities for guidance relating to housing, economic development, including downtown revitalization, community development strategy and plan preparation and use, technical assistance training for non-entitlement communities, and additional assistance determined necessary during the program year.

During this fiscal year DHCD will continue to support and upgrade grantees' software and reporting systems. Technical assistance will be available to a cluster of communities for capacity building for downtown revitalization. Assistance will be provided to communities with both deteriorated areas and with downtown organizations that have not been previously supported by DHCD.

In addition, two percent (2%) of program income generated by state CDBG grantees shall be returned to the Mass CDBG Program on a bi-annual basis.

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**DRAFT ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2003**

**EXHIBITS**

1. LIST OF ENTITLEMENT COMMUNITIES IN MASSACHUSETTS
2. TIMELY EXPENDITURE CALCULATION
3. MUNICIPALITIES NOT ELIGIBLE TO APPLY TO COMMUNITY DEVELOPMENT FUND (CDF) I AND II IN FY 2003
4. COMMUNITY WIDE NEEDS SCORES AND PROGRAM ELIGIBILITY
5. COMMUNITY-WIDE NEEDS INDICATORS

**EXHIBIT 1**

**LIST OF ENTITLEMENT COMMUNITIES IN MASSACHUSETTS  
As of Federal Fiscal Year 2003**

1.	ARLINGTON	19.	MALDEN
2.	ATTLEBORO	20.	MEDFORD
3.	BARNSTABLE	21.	NEW BEDFORD
4.	BOSTON	22.	NEWTON
5.	BROCKTON	23.	NORTHAMPTON
6.	BROOKLINE	24.	PITTSFIELD
7.	CAMBRIDGE	25.	PLYMOUTH
8.	CHICOPEE	26.	QUINCY
9.	FALL RIVER	27.	SALEM
10.	FITCHBURG	28.	SOMERVILLE
11.	FRAMINGHAM	29.	SPRINGFIELD
12.	GLOUCESTER	30.	TAUNTON
13.	HAVERHILL	31.	WALTHAM
14.	HOLYOKE	32.	WESTFIELD
15.	LAWRENCE	33.	WEYMOUTH
16.	LEOMINSTER	34.	WORCESTER
17.	LOWELL	35.	YARMOUTH
18.	LYNN		

## EXHIBIT 2

### TIMELY EXPENDITURE CALCULATION

Mass CDBG requires that all applicants, including lead applicants and joint participants, who have received grants comply with a timely expenditure threshold in order to apply for FY 2003 programs. If a joint participant has been a lead grantee in a CDBG grant, that community must meet the timely expenditure threshold in order to be included in a joint application. In order to apply for CDBG funding, a community must demonstrate, using the last quarterly report due prior to the application date, or the most recent SCA/GMS monthly financial status report, that as of the application due date:

- it has (or will have) no more than \$600,000 in unexpended CDBG<sup>22</sup> funds for all active grants awarded prior to January 1, 2001; and
- it has (or will have) an unexpended funds rate of less than 50% using the following formula:

all unexpended CDBG funds from grant years FY 1998 through FY 2001 ÷ (FY 2000 + FY 2001 grants awarded) = unexpended fund rate

For the October 3, 2002 CDF application round a community must meet the above conditions by December 13, 2002.

### COMMUNITIES THAT DO NOT MEET THIS THRESHOLD WILL BE ELIMINATED FROM FURTHER MASS CDBG FUNDING CONSIDERATION.

The following process will allow applicants to assess whether they are eligible to apply for CDBG funds. Applicants must meet the threshold requirements of **both** steps.

**Step 1:** Calculate the total amount of unexpended grant funds that were awarded prior to **January 1, 2001**.

If this amount is less than \$600,000, proceed to Step 2.

If this amount is equal to or greater than \$600,000, the municipality may not apply for CDBG funds.

**Step 2:** Calculate the percentage of unexpended funds that were awarded prior to **June 30, 2001** using the following methodology.

2a. Calculate the total amount of unexpended CDBG funds for grants awarded from FY 1998 through FY 2001.

2b. Calculate the total amount of FY 2000 and FY 2001 grants awarded prior to **June 30, 2001**.

2c. Divide the unexpended funds amount (2a) by the total of FY 2000 and FY 2001 grants awarded (2b) to get the unexpended fund rate.

**2a ÷ 2b = unexpended fund rate**

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<sup>22</sup> CDBG includes CDF I and II, the CDF April 1, 2003 supplemental round, Mini-Entitlement, HDSP, Ready Resource, and Reserves, but for the purposes of this calculation excludes grants from Massachusetts Community Capital Fund, Section 108, and Bridge Financing Program. Planning-only grants of \$50,000 or less are also excluded from this calculation.



If this percentage (unexpended fund rate) is greater than 50%, then the municipality may not apply for CDBG funds. Example calculations are provided below:

**Example 1 – Mill City**

*Step 1 – Total Amount of Unexpended Funds Awarded prior to 1/1/01*

<u>Awarded</u>	<u>Program</u>	<u>Unexpended Amount</u>	
12/8/00	00 CDF	\$ 566,600	
		<b>\$ 566,600 &lt; \$600,000</b>	<b>proceed to Step 2</b>

*Step 2A – Total Amount of Unexpended FY 1998-2001 Funds Awarded prior to 6/30/01*

<u>Awarded</u>	<u>Program</u>	<u>Unexpended Amount</u>
1/17/01	00 HDSP	\$ 350,600
4/27/01	00 Ready Resource Fund	\$ 370,360
12/8/00	00 CDF	<u>\$ 566,600</u>
		\$1,287,560

*Step 2B - Total Amount of FY 2000-2001 Funds Awarded prior to 6/30/01*

<u>Awarded</u>	<u>Program</u>	<u>Award Amount</u>
1/17/01	00 HDSP	\$ 518,184
4/27/01	00 Ready Resource Fund	\$ 397,000
12/8/00	00 CDF	<u>\$ 600,000</u>
		\$1,515,184

*Step 2C – Unexpended Funds Rate*

2A =	\$1,287,560		
2B =	\$1,515,184	<b>= 85% &gt; 50%</b>	<b>May not apply</b>

**Example 2 – Any Town**

*Step 1 - Total Amount of Unexpended Funds Awarded prior to 1/1/01*

<u>Awarded</u>	<u>Program</u>	<u>Unexpended Amount</u>	
12/30/99	99 HDSP	\$ 115,600	
12/8/00	00 CDF	<u>\$ 185,000</u>	
		<b>\$ 300,600 &lt; \$600,000</b>	<b>proceed to Step 2</b>

*Step 2A – Total Amount of Unexpended FY 1998-2001 Funds Awarded prior to 6/30/01*

<u>Awarded</u>	<u>Program</u>	<u>Unexpended Amount</u>
12/30/99	00 Ready Resource Fund	\$ 115,600
12/8/00	00 CDF	\$ 185,000
6/8/01	01 CDF	<u>\$ 275,000</u>
		\$ 575,600

*Step 2B – Total Amount of FY 2000-2001 Funds Awarded prior to 6/30/01*

<u>Awarded</u>	<u>Program</u>	<u>Award Amount</u>
12/8/00	00 CDF	\$ 600,000
6/8/01	01 CDF	<u>\$ 600,000</u>
		\$1,200,000

*Step 2C – Unexpended Funds Rate*

$$\frac{2A}{2B} = \frac{\$ 575,600}{\$1,200,000} = 48\% < 50\% \text{ May apply}$$

*Active grants* include those for which project activities have yet to be completed and payments are outstanding.

All lead applicants and participating applicants must meet this standard.

**NO WAIVERS WILL BE GRANTED FOR THE TIMELY EXPENDITURE THRESHOLD.**

### EXHIBIT 3

#### **MUNICIPALITIES NOT ELIGIBLE TO APPLY TO COMMUNITY DEVELOPMENT FUND (CDF) I AND II IN FY 2003**

Communities awarded CDF II Grants in FY 2001 or FY 2002 are prohibited from applying for CDF I or II grants in FY 2003, except in the following instances:

- A Community Development Fund II eligible community that has not received a CDF II grant award on its own but which has participated with a Community Development Fund I or Mini-Entitlement community for **housing activities** can apply to CDF II.
- A Community Development Fund II eligible community that has received a CDF II grant award in FY 2001 or FY 2002 on its own may be a participant with a Community Development Fund I, Community Development Fund II or Mini-Entitlement community for **housing activities only**.
- DHCD has identified the following communities as ineligible applicants as a single community for CDF I or CDF II in FY2003; they can apply again for CDF funding in the Fiscal Year noted in parentheses:

BERNARDSTON (2004)  
DARTMOUTH (2005)  
IPSWICH (2005)  
LAKEVILLE (2004)  
LANESBOROUGH (2005)  
MANSFIELD (2005)  
MARSHFIELD (2005)  
MILFORD (2005)  
NORFOLK (2005)  
NORTH ANDOVER (2004)  
NORTHFIELD (2004)

RAYNHAM (2005)  
SAUGUS (2005)  
SHERBORN (2004)  
SHUTESBURY (2005)  
SOUTHAMPTON (2004)  
STOUGHTON (2004)  
SWANSEA (2005)  
TEMPLETON (2005)  
WATERTOWN (2005)  
WESTPORT (2004)  
WILLIAMSBURG (2005)

**EXHIBIT 4****PROGRAM ELIGIBILITY AND COMMUNITY-WIDE NEEDS SCORES**

	<b>FY2003 CWN Score</b>	<b>Eligible for CDF I</b>	<b>Eligible for CDF II</b>	<b>FY2003 Mini- Entitlement</b>	<b>Not eligible due to prior year funding</b>
Abington town	18	x	x		
Acton town	12		x		
Acushnet town	18	x	x		
Adams town	20	x			
Agawam town	15		x		
Alford town	11		x		
Amesbury town	22			x	
Amherst town	16		x		
Andover town	12		x		
Aquinnah town	22	x			
Ashburnham town	16		x		
Ashby town	18	x	x		
Ashfield town	16		x		
Ashland town	15		x		
Athol town	19	x			
Auburn town	14		x		
Avon town	19	x			
Ayer town	19	x			
Barre town	19	x			
Becket town	19	x			
Bedford town	12		x		
Belchertown town	17	x	x		
Bellingham town	17	x	x		
Belmont town	13		x		
Berkley town	16		x		
Berlin town	12		x		
Bernardston town	16				x
Beverly city	18	x	x		
Billerica town	17	x	x		
Blackstone town	16		x		
Blandford town	14		x		
Bolton town	13		x		
Bourne town	17	x	x		
Boxborough town	15		x		
Boxford town	10		x		
Boylston town	11		x		

*Housing and Community Development FY 2003 One Year Action Plan*

	<b>FY2003 CWN Score</b>	<b>Eligible for CDF I</b>	<b>Eligible for CDF II</b>	<b>FY2003 Mini- Entitlement</b>	<b>Not eligible due to prior year funding</b>
Braintree town	16		x		
Brewster town	14		x		
Bridgewater town	18	x	x		
Brimfield town	18	x	x		
Brookfield town	21	x			
Buckland town	13		x		
Burlington town	12		x		
Canton town	13		x		
Carlisle town	10		x		
Carver town	19	x			
Charlemont town	20	x			
Charlton town	15		x		
Chatham town	14		x		
Chelmsford town	11		x		
Chelsea city	24			x	
Cheshire town	15		x		
Chester town	20	x			
Chesterfield town	18	x	x		
Chilmark town	17	x	x		
Clarksburg town	18	x	x		
Clinton town	18	x	x		
Cohasset town	11		x		
Colrain town	20	x			
Concord town	10		x		
Conway town	16		x		
Cummington town	18	x	x		
Dalton town	16		x		
Danvers town	17	x	x		
Dartmouth town	16				x
Dedham town	15		x		
Deerfield town	11		x		
Dennis town	18	x	x		
Dighton town	17	x	x		
Douglas town	17	x	x		
Dover town	11		x		
Dracut town	16		x		
Dudley town	17	x	x		
Dunstable town	13		x		
Duxbury town	12		x		
East Bridgewater town	19	x			
East Brookfield town	15		x		

	<b>FY2003 CWN Score</b>	<b>Eligible for CDF I</b>	<b>Eligible for CDF II</b>	<b>FY2003 Mini- Entitlement</b>	<b>Not eligible due to prior year funding</b>
East Longmeadow town	13		x		
Eastham town	18	x	x		
Easthampton town	15		x		
Easton town	13		x		
Edgartown town	15		x		
Egremont town	12		x		
Erving town	17	x	x		
Essex town	18	x	x		
Everett city	23			x	
Fairhaven town	20	x			
Falmouth town	16		x		
Florida town	20	x			
Foxborough town	17	x	x		
Franklin town	17	x	x		
Freetown town	13		x		
Gardner city	20			x	
Georgetown town	18	x	x		
Gill town	11		x		
Goshen town	15		x		
Gosnold town	9		x		
Grafton town	13		x		
Granby town	11		x		
Granville town	14		x		
Great Barrington town	16		x		
Greenfield town	19			x	
Groton town	14		x		
Groveland town	14		x		
Hadley town	14		x		
Halifax town	17	x	x		
Hamilton town	15		x		
Hampden town	11		x		
Hancock town	16		x		
Hanover town	14		x		
Hanson town	15		x		
Hardwick town	22	x			
Harvard town	9		x		
Harwich town	19	x			
Hatfield town	12		x		
Hawley town	17	x	x		
Heath town	18	x	x		
Hingham town	10		x		

*Housing and Community Development FY 2003 One Year Action Plan*

	<b>FY2003 CWN Score</b>	<b>Eligible for CDF I</b>	<b>Eligible for CDF II</b>	<b>FY2003 Mini- Entitlement</b>	<b>Not eligible due to prior year funding</b>
Hinsdale town	18	x	x		
Holbrook town	18	x	x		
Holden town	10		x		
Holland town	18	x	x		
Holliston town	11		x		
Hopedale town	13		x		
Hopkinton town	15		x		
Hubbardston town	16		x		
Hudson town	17	x	x		
Hull town	19	x			
Huntington town	21	x			
Ipswich town	16				x
Kingston town	18	x	x		
Lakeville town	14				x
Lancaster town	14		x		
Lanesborough town	13				x
Lee town	17	x	x		
Leicester town	15		x		
Lenox town	15		x		
Leverett town	11		x		
Lexington town	11		x		
Leyden town	16		x		
Lincoln town	9		x		
Littleton town	17	x	x		
Longmeadow town	10		x		
Ludlow town	17	x	x		
Lunenburg town	13		x		
Lynnfield town	8		x		
Manchester-by-the-Sea town	11		x		
Mansfield town	15				x
Marblehead town	9		x		
Marion town	13		x		
Marlborough city	19			x	
Marshfield town	13				x
Mashpee town	20	x			
Mattapoisett town	13		x		
Maynard town	18	x	x		
Medfield town	10		x		
Medway town	17	x	x		
Melrose city	17	x	x		
Mendon town	12		x		

	<b>FY2003 CWN Score</b>	<b>Eligible for CDF I</b>	<b>Eligible for CDF II</b>	<b>FY2003 Mini- Entitlement</b>	<b>Not eligible due to prior year funding</b>
Merrimac town	20	x			
Methuen town	21			x	
Middleborough town	22	x			
Middlefield town	17	x	x		
Middleton town	19	x			
Milford town	16				x
Millbury town	15		x		
Millis town	14		x		
Millville town	19	x			
Milton town	13		x		
Monroe town	17	x	x		
Monson town	18	x	x		
Montague town	19	x			
Monterey town	15		x		
Montgomery town	10		x		
Mount Washington town	12		x		
Nahant town	12		x		
Nantucket town	14		x		
Natick town	14		x		
Needham town	11		x		
New Ashford town	13		x		
New Braintree town	16		x		
New Marlborough town	15		x		
New Salem town	16		x		
Newbury town	15		x		
Newburyport city	18	x	x		
Norfolk town	13				x
North Adams city	20			x	
North Andover town	13				x
North Attleborough town	13		x		
North Brookfield town	18	x	x		
North Reading town	14		x		
Northborough town	11		x		
Northbridge town	19			x	
Northfield town	15				x
Norton town	15		x		
Norwell town	10		x		
Norwood town	16		x		
Oak Bluffs town	18	x	x		
Oakham town	14		x		
Orange town	21	x			



*Housing and Community Development FY 2003 One Year Action Plan*

	<b>FY2003 CWN Score</b>	<b>Eligible for CDF I</b>	<b>Eligible for CDF II</b>	<b>FY2003 Mini- Entitlement</b>	<b>Not eligible due to prior year funding</b>
Orleans town	14		x		
Otis town	19	x			
Oxford town	16		x		
Palmer town	19	x			
Paxton town	8		x		
Peabody city	17	x	x		
Pelham town	10		x		
Pembroke town	14		x		
Pepperell town	18	x	x		
Peru town	19	x			
Petersham town	13		x		
Phillipston town	19	x			
Plainfield town	21	x			
Plainville town	19	x			
Plympton town	15		x		
Princeton town	11		x		
Provincetown town	20	x			
Randolph town	17	x	x		
Raynham town	14				x
Reading town	13		x		
Rehoboth town	11		x		
Revere city	22			x	
Richmond town	10		x		
Rochester town	17	x	x		
Rockland town	20	x			
Rockport town	19	x			
Rowe town	12		x		
Rowley town	16		x		
Royalston town	16		x		
Russell town	17	x	x		
Rutland town	13		x		
Salisbury town	22	x			
Sandisfield town	17	x	x		
Sandwich town	14		x		
Saugus town	16				x
Savoy town	18	x	x		
Scituate town	11		x		
Seekonk town	13		x		
Sharon town	13		x		
Sheffield town	17	x	x		
Shelburne town	19	x			

	<b>FY2003 CWN Score</b>	<b>Eligible for CDF I</b>	<b>Eligible for CDF II</b>	<b>FY2003 Mini- Entitlement</b>	<b>Not eligible due to prior year funding</b>
Sherborn town	10				x
Shirley town	17	x	x		
Shrewsbury town	13		x		
Shutesbury town	14				x
Somerset town	17	x	x		
South Hadley town	11		x		
Southampton town	12				x
Southborough town	12		x		
Southbridge town	19			x	
Southwick town	15		x		
Spencer town	19	x			
Sterling town	14		x		
Stockbridge town	14		x		
Stoneham town	17	x	x		
Stoughton town	18				x
Stow town	12		x		
Sturbridge town	11		x		
Sudbury town	10		x		
Sunderland town	16		x		
Sutton town	13		x		
Swampscott town	13		x		
Swansea town	15				x
Templeton town	16				x
Tewksbury town	14		x		
Tisbury town	19	x			
Tolland town	13		x		
Topsfield town	8		x		
Townsend town	19	x			
Truro town	19	x			
Tyngsborough town	20	x			
Tyringham town	10		x		
Upton town	12		x		
Uxbridge town	17	x	x		
Wakefield town	17	x	x		
Wales town	20	x			
Walpole town	14		x		
Ware town	20	x			
Wareham town	20	x			
Warren town	20	x			
Warwick town	21	x			
Washington town	11		x		

*Housing and Community Development FY 2003 One Year Action Plan*

	<b>FY2003 CWN Score</b>	<b>Eligible for CDF I</b>	<b>Eligible for CDF II</b>	<b>FY2003 Mini- Entitlement</b>	<b>Not eligible due to prior year funding</b>
Watertown town	17				x
Wayland town	11		x		
Webster town	18	x	x		
Wellesley town	9		x		
Wellfleet town	21	x			
Wendell town	18	x	x		
Wenham town	12		x		
West Boylston town	14		x		
West Bridgewater town	16		x		
West Brookfield town	15		x		
West Newbury town	13		x		
West Springfield town	20			x	
West Stockbridge town	16		x		
West Tisbury town	16		x		
Westborough town	13		x		
Westford town	13		x		
Westhampton town	12		x		
Westminster town	13		x		
Weston town	12		x		
Westport town	14				x
Westwood town	12		x		
Whately town	11		x		
Whitman town	18	x	x		
Wilbraham town	10		x		
Williamsburg town	12				x
Williamstown town	15		x		
Wilmington town	17	x	x		
Winchendon town	20	x			
Winchester town	10		x		
Windsor town	13		x		
Winthrop town	19	x			
Woburn city	17	x	x		
Worthington town	14		x		
Wrentham town	19	x			



EXHIBIT 5

COMMUNITY-WIDE NEEDS INDICATORS

MUNICIPALITY: COUNTY:		1990/(99)		Percent	Quartile	Maximum Possible Points	Score
		Raw Number					
A. INDIVIDUAL FACTORS							
						12.5	0.00
Low/moderate income households (US Census, 1990 universe: 0).....	0	0.0	0	1.67	0.00		
Per capita income (US Census, 1990) .....	\$ 0		0	2.50	0.00		
Median household income (US Census, 1990 .....	\$ 0		0	2.50	0.00		
Unemployment rate (average annual 1999) .....		0.0	0	2.5	0.00		
Labor force (Division of Employment and Training, 1998) .....	0				n.a.		
Female headed families below poverty level (US Census, 1990 universe: 0) .....	0	0.0	0	1.67	0.00		
Percent of elderly low-moderate income households (US Census 1990 universe: 0) .....	0	0.0	0	1.67	0.00		
						12.5	0.00
B. COMMUNITY FACTORS							
Percent change in children 0 to 4 years old 1995-1997 (MISER estimates) .....	0	0.0	0	.83	0.00		
Percent change in school enrollment 1990-1999 (Mass. Department of Education (DOE)) .....	0	0.0	0	1.25	0.00		
School enrollment as a percentage of population (1999 DOE, 1998 US Census estimate) .....	0	0.0	0	1.25	0.00		
Percent change in population 1990-1998 (US Census) (points awarded for large gain or loss) .....	0	0.0	0	1.67	0.00		
Equalized Valuation (EQV) (1998 Department of Revenue (DOR)) .....	\$ 0				n.a.		
EQV per capita (1998 DOR, 1998 US Census estimate) .....	\$ 0		0	1.67	0.00		
% households w/housing cost burden>=50% of household income (US Census, 1990 universe: 0) .....	0	0.0	0	1.67	0.00		
Total levy per capita, % of per capita income (1998 DOR, 1998 US Census estimate, 1990 US Census) \$	0	0.0	0	2.50	0.00		
Units built prior to 1940, % of total units (US Census 1990 universe: 0) .....	0	0.0	0	1.67	0.00		
						A and B	25

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## 2. HOME Program

### **MASSACHUSETTS HOME PROGRAM ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2002**

The Department of Housing and Community Development will receive an allocation of approximately \$15,200,000 in HOME funds in federal fiscal year 2003. DHCD plans to reserve 10% of the total allocation for administrative purposes, and award the majority of the \$13.6+ million through competitive funding rounds.

DHCD will continue to award the majority of its funds through a competitive RFP process that benefit and accommodate the needs of cities and towns throughout the Commonwealth. DHCD will award federal fiscal year HOME program funds to two program types: multi-family rental loans and homebuyer assistance. Eligible applicants for HOME funds are municipalities, non-profit agencies (including CHDOs as defined by HUD), and for-profit developers. Note: A minimum of 15% of the federal FY 2003 allocation will be reserved for CHDOs serving as owners, sponsors, or developers of rental production projects or project-based first-time homebuyer projects. The Director of DHCD reserves the right to consider geographic distribution in making funding decisions for the 15% CHDO set-aside. DHCD will continue its practice of encouraging CHDOs to participate in the HOME program.

#### ***Allocation of Funds***

DHCD will continue its past practice of seeking to competitively award HOME funds in those areas of the Commonwealth that do not receive HOME funds as a result of entitlement community or HOME consortium designation. DHCD will competitively award HOME funds for first-time homebuyer and rental loan projects in entitlement communities that provide a match for DHCD administered HOME funds.

During federal FY 2003 DHCD anticipates the following approximate amounts will be awarded through a competitive RFP process, dependent upon the level of demand in each program category:

\$8.9 million - rental loan program

\$4.8 million - first-time homebuyers program

During federal FY 2003 DHCD anticipates that up to \$2 million of the \$8.9 million in rental funds may be awarded on a rolling basis to assist suburban cities and towns in facilitating the new production of affordable rental properties through the Suburban Rental Development Pilot Production Program. The pilot program will provide intensive technical assistance from the Massachusetts Housing Partnership Fund (MHP), pre-development funding through DHCD and MHP and permanent financing from DHCD and MHP. The community also must contribute to the project, but no additional capital subsidy sources will be permitted.

### **Evaluation Criteria for HOME Projects**

DHCD will continue to competitively award HOME funds for First-Time Homebuyer and Rental Loan Projects. HOME entitlement communities must provide a match for projects seeking DHCD administered HOME funds.

The following criteria are used to evaluate projects:

- strength of overall concept
- strength of development team
- demonstrated need for project in the target neighborhood
- appropriate scopes of rehabilitation or construction
- appropriate total development cost for properties included in proposal
- financial viability of the project
- degree of local support, including local funding commitments
- evidence of readiness to proceed
- evidence of satisfactory progress on previously funded projects.

The following terms and conditions apply to all HOME competitively awarded multi-family rental projects:

<b>Eligible Borrowers:</b>	For profit developers; non-profit developers; non-profit organizations designated as CHDOs; municipalities in cooperation with any of the above.
<b>Eligible Activities:</b>	Acquisition and/or rehabilitation of existing structures for multi-family rental use, including distressed or failed properties, or the new construction of multi-family rental projects. Minimum project size of 5 HOME-assisted units.
<b>Maximum Loan Amount:</b>	DHCD will award up to \$750,000 per project and up to \$50,000 per HOME-assisted unit in HOME entitlement/consortium communities. In non-entitlement or non-consortium communities, the maximum loan is up to \$65,000 per HOME-assisted unit.
<b>Match Requirement:</b>	Projects located in HOME entitlement or consortium communities should include a commitment of local funds. If an application is submitted without a full match, it may not be scored. In general, preference will be given to applications with full match commitments.
<b>Cost/Fee Limits:</b>	Projects with Total Development Costs in excess of \$150,000 per unit may not be scored. Developer Fee + overhead may not exceed 12.5% of a project's Total Development Cost (with the exception of applicants also seeking LIHTC).
<b>Security:</b>	All HOME loans will be secured by a mortgage on the property. HOME funds are often subordinate to other loans; the subordinate position will depend upon the financial structure of the deal.

<b>Affordability:</b>	All units receiving HOME assistance must be occupied by households earning no more than 60% of the area median income and affordable to households earning 65% of the area median income. At least 20% of the HOME units must be affordable to households earning no more than 50% of area median income.
<b>Holdback Feature:</b>	DHCD provides HOME funds through a simple requisition process and holds back 10% of the HOME award until the project is substantially complete.
<b>Term of Loan:</b>	Loans will be for 30 years. During the final year of a loan, the owner may request an extension of up to 30 years in order to maintain the affordability of the housing.
<b>Recourse:</b>	The loans will be non-recourse.
<b>Interest Rate:</b>	Generally, DHCD HOME loans are deferred payment loans with zero percent interest rates. DHCD reserves the right to assign a higher rate of interest to any HOME loan. HOME loans to projects receiving allocations of Low Income Housing Tax Credits are made at the Applicable Federal Rate (or higher) as required by the Tax Credits program.
<b>Debt Coverage Ratio:</b>	DHCD expects HOME projects to have minimum debt coverage ratios of approximately 1.15 in year one.
<b>Environmental:</b>	An ASTM Phase One environmental site assessment must be completed and submitted for each property within the project, either with the application or as part of the loan closing.
<b>Lead Paint Requirements:</b>	HUD Federal lead-based paint regulations at 24 CFR Part 35 now apply to all projects that are awarded HOME monies.
<b>Handicapped Accessibility:</b>	For the new construction of any units or the substantial rehabilitation of 15 or more units of multi-family housing, Section 504 requires that 5% of the units (but not less than 1 unit) be accessible to individuals with mobility impairments and an additional 2% of the units (but not less than 1 unit) be accessible to individuals with sensory impairments. For moderate rehabilitation of 15 or more units, Section 504 also requires to the maximum extent feasible that the units be accessible to and usable by individuals with handicaps.



<b>Good Standing at DHCD:</b>	Applicants for HOME funds, including all members of their development teams, must be in good standing with DHCD with respect to other DHCD-assisted projects.
<b>Application Fees:</b>	The application fee for non-profit developers is \$300 per project; the fee for for-profit developers is \$600 per project.

The Suburban Rental Development Pilot Production Program will be particularly tailored to the needs of each individual community. Communities will be selected based on the need for rental housing production. Home entitlement communities are excluded from the pilot, as well as communities that are not "housing certified" under Executive Order 418. Each community selected under the pilot will enter into an agreement regarding the project schedule and the milestones to be met, MHP's continued provision of technical assistance and the commitment of any HOME and MHP financing will be contingent on the achievement of the milestones.

The following terms and conditions will apply to all HOME-funded Suburban Rental Development Pilot Production projects:

<b>Eligible Borrowers</b>	For-profit and non-profit developers.
<b>Eligible Properties</b>	New construction or rehabilitation of properties that have been vacant for more than six months for multi-family rental use. Minimum project size is five units. Minimum number of affordable units is three. Minimum number of bedrooms per affordable units is two.
<b>First Mortgage</b>	Permanent debt financing from MHP secured by a first mortgage.
<b>Term/Amortization of First Mortgage</b>	Maximum term of 20 years, fully amortizing over a maximum of 30 years. A prepayment penalty will be assessed if the loan is prepaid in whole or in part prior to maturity.
<b>Loan-to-Value Ratio</b>	First mortgage loan must be no higher than 85% of the lower of total development cost (TDC) or appraised value. The deferred payment loans will be used to fund the gap between the first mortgage and the TDC.
<b>Recourse</b>	First mortgage loan will be recourse to the borrower; guarantees may also be required.
<b>Prepayment of First Mortgage</b>	No prepayment will be allowed within the first ten years after the loan is closed, and thereafter prepayment is only allowed provided that arrangements satisfactory to the MHP Fund for the continuation of the affordability restrictions at the property are made. Payment of a yield maintenance premium will also be required.
<b>HOME Subsidy Amount</b>	Subsidy limits will vary by unit size and location, following federal HOME limits. DHCD will provide up to \$1 million per project and up to the maximum HOME per unit subsidy limit.
<b>HOME Subsidy Security</b>	All HOME loans will be secured by a mortgage on the property, subordinate to the MHP first mortgage loan.
<b>Term of HOME Loan</b>	Loans will be 30-year, 0%, deferred payment loans. The

	loans will be non-recourse.
<b>HOME Affordability</b>	At least 20% of the units must be affordable to households earning less than 50% of the area median income. A maximum of 80% of the units must be affordable to households earning 65% of area median income, unless project-based Section 8 is made available to the project. The project must remain affordable for 30 years, regardless of whether the loan is prepaid.
<b>MHP Subsidy Amount</b>	MHP will provide up to \$500,000 per project and up to \$40,000 per affordable unit.
<b>MHP Subsidy Security</b>	All MHP subsidy loans will be secured by a mortgage on the property, subordinate to the MHP first mortgage loan.
<b>Term of MHP Subsidy</b>	Loans will 20-year, 0%, deferred payment loans.
<b>Other Capital Subsidy</b>	The community must contribute to the project (i.e., contribution of cash or land, permitting assistance, etc.). No additional capital subsidy sources are permitted.
<b>Debt Coverage Ratio</b>	Minimum debt coverage ration of 1.10x; 1.15x for properties with fewer than 20 units.
<b>Operating Subsidy</b>	DHCD will make available project-based Section 8 for up to 25% of the units in a project with rents at the maximum allowable payment standard. Local housing authorities also will be encouraged to make project-based Section 8 available.
<b>Developer Fees</b>	Developer fees, overhead, and consultant fees will be limited to a maximum of 10% of the TDC, net of such fees.
<b>Environmental:</b>	An ASTM Phase One environmental site assessment must be completed and submitted for each property within the project, either with the application or as part of the loan closing.
<b>Lead Paint Requirements:</b>	HUD Federal lead-based paint regulations at 24 CFR Part 35 apply to all projects that are awarded HOME monies.
<b>Handicapped Accessibility:</b>	For the new construction of any units or the substantial rehabilitation of 15 or more units of multi-family housing, Section 504 requires that 5% of the units (but not less than 1 unit) be accessible to individuals with mobility impairments and an additional 2% of the units (but not less than 1 unit) be accessible to individuals with sensory impairments. For moderate rehabilitation of 15 or more units, Section 504 also requires to the maximum extent feasible that the units be accessible to and usable by individuals with handicaps.
<b>Application Fees</b>	No application fee. After initial underwriting, an inspection fee may be required before proceeding with a site inspection and final underwriting. The commitment fee is 1.5% of MHP's combined first mortgage and subsidy mortgage amount.

The following criteria are used to evaluate first-time homebuyer projects:

- strength of overall concept
- strength of development team
- demonstrated need for project in the target neighborhood
- appropriate scopes of rehabilitation or construction
- appropriate total development cost for properties included in proposal

- appropriate sales prices and affordability analyses included in proposal
- evidence of marketability and buyer selection plan included in proposal
- degree of local support, including local funding commitments
- evidence of readiness to proceed
- evidence of satisfactory progress on previously funded projects.

The following terms and conditions apply to all HOME-funded project-based first-time homebuyer projects:

<b>Eligible Borrowers:</b>	For profit developers; non-profit developers; non-profit organizations designated as CHDOs; municipalities in cooperation with any of the above.
<b>Eligible Activities:</b>	Acquisition and/or rehabilitation of existing structures for sale to income eligible first-time homebuyers, including distressed or failed properties, or the new construction of homeownership projects. Minimum project size of 3 HOME-assisted ownership units, which must be secured with a signed Purchase & Sale Agreement at the time of application.
<b>Eligible Properties:</b>	Properties to be acquired and rehabilitated should have low acquisition costs due to the level of rehabilitation required to bring the property into compliance with code and rehabilitation standards.
<b>Maximum Loan Amount:</b>	DHCD will award up to \$750,000 per project and up to \$50,000 per HOME-assisted unit in HOME entitlement/consortium communities. In non-entitlement or non-consortium communities, the maximum loan is up to \$65,000 per HOME-assisted unit.
<b>Match Requirement:</b>	Projects located in HOME entitlement or consortium communities should include a commitment of local funds. If an application is submitted without a full match, it may not be scored. In general, preference will be given to applications with full match commitments.
<b>Cost/Fee Limits:</b>	Projects with Total Development Costs exceeding the recommended TDC limit of \$150,000 per unit may not be scored. The total of the Developer Fee + Developer Overhead may not exceed the lesser of 12.5% of the project's TDC or 12.5% of \$150,000 per unit).
<b>Security:</b>	All HOME loans will be secured by a mortgage on the property. HOME funds are often subordinate to other loans; the subordinate position will depend upon the financial structure of the deal. Upon sale of a unit in accordance with the terms of the loan and execution of a deed rider by an income-eligible first-time homebuyer, the principal amount due under the loan is reduced by the amount of HOME funds applicable to the unit.

<b>Affordability:</b>	All first-time homebuyers purchasing HOME-assisted units must earn no more than 80% of the area median income. Each HOME-assisted unit must have an appraised value that does not exceed 95% of the area's median price, as determined by the Single Family Mortgage Limits under Section 203(b). Any HOME-assisted rental units in multi-family properties must be leased to households earning no more than 60% of area median income. These rental units may be leased at the "high" HOME rent.
<b>Holdback Feature:</b>	DHCD provides HOME funds through a simple requisition process and holds back 10% of the HOME award by property until the property is substantially complete.
<b>Term of Loan:</b>	Loans to "Eligible Borrowers" will be for 2 years. By the maturity date, each unit must be sold to income-eligible first-time homebuyers. The length of the Affordable Housing Restriction for the homebuyer is 15 years. In the event the homebuyer desires to sell the property prior to the end of the 15 years, certain resale/recapture requirements will apply.
<b>Recourse:</b>	The loans will be non-recourse.
<b>Interest Rate:</b>	Generally, DHCD HOME loans are deferred payment loans with zero percent interest rates.
<b>Environmental:</b>	An ASTM Phase One environmental site assessment must be completed and submitted for each property within the project, either with the application or as part of the loan closing.
<b>Good Standing at DHCD:</b>	Applicants for HOME funds, including all members of their development teams, must be in good standing with DHCD with respect to other DHCD-assisted projects.
<b>Application Fees:</b>	The application fee for non-profit developers is \$300 per project; the fee for for-profit developers is \$600 per project.

The following terms and conditions apply to all HOME-funded first-time homebuyer acquisition loan programs:

<b>Eligible Applicants:</b>	Non-profit organizations, municipalities or municipalities in cooperation with non-profit developers.
<b>Eligible Activities:</b>	Provision of funds to low-income households for down payment or closing costs assistance.
<b>Maximum Application Amount:</b>	DHCD will award up to \$250,000 per application. Assistance to individual homeowners is limited to 5% of a property's purchase price up to a maximum of \$10,000.

<b>Match Requirement:</b>	Projects located in HOME entitlement or consortium communities should include a commitment of local funds. If an application is submitted without a full match, it may not be scored. In general, preference will be given to applications with full match commitments.
<b>Security:</b>	All HOME loans will be secured by a second mortgage on each property purchased by an eligible first-time homebuyer
<b>Affordability:</b>	First-time homebuyers receiving a HOME Acquisition Loan may earn no more than 80% of the area median income. Each HOME-assisted unit must have an <i>appraised value</i> that does not exceed 95% of the area's median price, as determined by the Single Family Mortgage Limits under Section 203(b). Any HOME-assisted rental units in multi-family properties must be leased to households earning no more than 60% of area median income. Rental units may be leased at the "high" HOME rent.
<b>Term of Loan:</b>	Loans to homebuyers will be for 5 years during which time the property must remain the buyer's primary place of residence. In the event that a buyer desires to sell the property prior to the end of the five year term, certain recapture provisions will apply.
<b>Recourse:</b>	The loans will be recourse to the borrower.
<b>Interest Rate:</b>	First-time Homebuyer Acquisition loans are deferred payment loans with zero percent interest rates.
<b>Environmental:</b>	An environmental checklist and assessment is required to be completed for each property.
<b>Good Standing at DHCD:</b>	Applicants for HOME funds must be in good standing with DHCD with respect to other DHCD-assisted projects.

***First-time Homebuyer Resale/Recapture Provisions:***

DHCD intends to award approximately \$4.8 million in HOME funds to support first-time homebuyer programs. As in the past, DHCD will provide sponsors of first-time homebuyer programs not located in HOME-entitlement communities with model loan documents. The Commonwealth's HOME program has developed two types of deed riders: the deed rider for purchaser-based assistance calls for recapture only, and the deed rider for project-based assistance calls for resale to an eligible purchaser and recapture only if there is no resale to such a purchaser.

**“Recapture only”** for purchaser-based assistance has a five-year restriction and the maximum assistance amount is limited to 5% of a property's purchase price up to a maximum of \$10,000. The recapture provision works as follows: A homeowner wishing to sell a unit within five years of the date of the deed rider may sell the unit to a third party free of any restrictions as long as the “recapture amount” is paid to DHCD. The recapture amount is the HOME “assistance amount” reduced by one-fifth for each full year elapsed since the homeowner purchased the unit. The recapture amount can never be greater than the net sales proceeds.

**“Resale and recapture”** for project-based assistance works as follows: A homeowner wishing to sell a unit within 15 years of the date of the deed rider, the “Grantor” (i.e., non-profit sponsor/municipality) and DHCD has the right of first refusal to either purchase the unit itself or locate a HOME-eligible first-time homebuyer to purchase the unit within 145 days. A sale to the Grantor, DHCD or a HOME-eligible buyer is at the “Base Price”, which is the sum of the cost of the required appraisal, the purchase price paid by the homeowner, the cost of any approved capital improvements paid by the homeowner, stamp taxes, and a return on the owner's equity (i.e., original down payment plus one-half of regular principal payments) multiplied by the “Consumer Price Index”.

If neither grantor, DHCD, nor an eligible purchaser buys the unit, it may be sold to any third party at the fair market value and free of restrictions, provided that the “recapture amount” is paid to DHCD. The recapture amount is the greater of the HOME “assistance amount” reduced by one-fifteenth for each full year elapsed since the homeowner purchased the unit, and fifty percent of the amount by which the net sale proceeds (the resale price less allowable secured debt, appraisal cost, broker's fees, recording costs, and stamp taxes) exceed the sum of the owner's down payment, principal payments made on allowable secured debt, and approved capital improvement costs. In no event, will the Recapture Amount be greater than the total amount of secured debt on the property plus broker's feed, recording costs, appraisal costs and excise taxes incurred with the sale of the property. A sale to a market-rate buyer is subject to DHCD approval, and the sale price should reflect the fair market (i.e., unrestricted) value of the unit determined by the appraisal at the time of resale.

### **ELIGIBLE APPLICANTS FOR HOME FUNDING**

<b>PROGRAM COMPONENTS</b>	<b>ELIGIBLE APPLICANTS</b>
Rental Production	Community Housing Development Organization (CHDO) Non-Profit Developer For-Profit Developer Municipal Entity in Partnership with Non-Profit or For-Profit Developer
First-Time Homebuyer Project	Community Housing Development Organization (CHDO) Non-Profit Developer For-Profit Developer Municipal Entity in Partnership with Non-Profit or For-Profit Developer
First-Time Homebuyer Purchaser	Non-Profit Developer Municipal Entity Municipal Entity in Partnership with Non-Profit

### **HOME Match**

The resources for the HOME match continue to be the state-funded Massachusetts Rental Voucher Program and the state's Housing Stabilization Fund (both described in this section of the plan). Annual expenditures through these two programs alone are approximately \$45 million. Since states are permitted to "bank" match, that expenditure level would constitute match -- calculated at 25 cents (\$0.25) on the HOME dollar (\$1.00) - for many years.

### **HOME Technical Assistance**

DHCD in conjunction with OKM Associates, Massachusetts Housing Partnership Fund, and Citizens' Housing and Planning Association (the "Team") will expend the remaining \$27,000+ balance of its technical assistance funds made available by the U.S. Department of Housing and Urban Development's Community Planning and Development Programs 1998 SuperNOFA. The technical assistance funds were awarded to the team to provide a comprehensive array of technical assistance and training activities to organizations and projects throughout the Commonwealth and across New England through the New England Housing Network.

DHCD, in conjunction with OKM Associates, Massachusetts Housing Partnership Fund, and Citizens' Housing and Planning Association (the "Team"), recently was awarded an additional \$246,000 in HOME Technical Assistance funding. The Team will continue to provide a wide variety of technical assistance services as we have done with our previous HOME TA award and also plan to establish an "Institute" for indoctrinating new PJ, CHDO, and recipient staff in HOME requirements. The "Institute" will provide a more direct and intimate training on a "demand-response" basis that fits the schedule of the new hire rather than an arbitrary schedule of the TA delivery system.

In addition, the team will continue to work closely with the local HUD office to provide technical assistance to organizations it has identified. The team also will continue to be available to perform other activities that assist HUD in meeting its community goals. To that end, our process for selecting which organization will receive technical assistance will be flexible and will incorporate HUD's demand response model.

### 3. Emergency Shelter Grant (ESG) Program

#### MASSACHUSETTS ESG PROGRAM - FEDERAL FISCAL YEAR 2003

The Commonwealth of Massachusetts has designated the Executive Office of Health and Human Services to distribute Emergency Shelter Grant funding in the state. Working with the U.S. Department of HUD, EOHHS revised its procedures for awarding these grants early in 1994, and will continue to use these procedures, as outlined below, for distribution this year.

Process for awarding funds: EOHHS brings a "continuum of care" emphasis to determining awards under the Emergency Shelter Grant (ESG) program (see Appendix L). Pursuant to a directive from the Secretary of EOHHS, the Commonwealth has set the following goals for the distribution of ESG funds:

- a.) Maintenance of existing emergency shelter and transitional beds, or addressing unmet sheltering need, including undeserved homeless populations such as homeless youth, where no other funding source exists.
- b.) Reconfiguration of shelter beds towards transitional and permanent housing options, in particular for homeless individuals newly released from, or about to be released from correctional institutions or in need of substance abuse treatment.
- c.) Innovative approaches to increasing permanent, affordable housing options, in particular for homeless families who are present or former recipients of Transitional Assistance to Needy Families (TANF).
- d.) Supportive services to homeless families and individuals which will empower and promote independence.
- e.) Homelessness prevention initiatives.

Above priorities are considered of equal weight and will be evaluated in conjunction with the following factors:

- Geographic distribution of awards throughout the state.
- Sustainability to continue programs as ESG funding is reduced.
- Increases/decreases in other funding sources, including state funding.
- Participation of homeless/formerly homeless people in applicant's programs.

Allocation of funds: Notice of funding availability is accomplished through notification of the state agencies' provider networks, notice in state publications and through the Internet COM-PASS system. Applications received are then reviewed and ranked by the Interagency Task Force for Housing and Homelessness. Following the determination of awards, the appropriate EOHHS agency contracts with those providers, awards funds, and monitors grant activities. EOHHS maintains oversight responsibilities for administration of ESG grants by these agencies.

All ESG funds thus far have been awarded to non-profit providers; no cities and towns applied for these funds. Awards were made to 76 grantees in 2001. Funds are distributed in the areas of greatest need, where the homeless population -- individuals and families ---



has remained steady in recent years, and continues to need the essential combination of services and shelter in order to make a lasting improvement in their lives. Also taken into consideration is the demonstrated ability of the providers to apply funds cost effectively, within the program's guidelines, and in a timely manner. For further information, contact the Executive Office of Health and Human Services at (617) 727-7600 x406.

#### **4. Housing Opportunities for Persons with AIDS (HOPWA) Program**

##### **MASSACHUSETTS HOPWA - FISCAL YEAR 2003**

###### ***Selection of Project Sponsors:***

The five sponsors of the original five projects initially funded (in 1995) with federal FY 94 HOPWA funds (and with subsequent HOPWA funding) were identified and selected in processes consistent with the Commonwealth's purchase of services (POS) requirements, through either the RFP (request for proposal), or the RFR (request for response) processes, or the sole source/unique provider procurement process. In most instances it was assumed that more than one potential project sponsor would be qualified to administer a proposed program; however, in certain circumstances the AIDS Bureau had been able to utilize the sole source/unique provider process.

During 1999 one of the originally funded projects (the capacity building program called HART—Housing AIDS/Addiction Resource Team—sponsored by Victory Programs, Inc.) was defunded as a result of an RFR process.

During 1997 an additional project (the School Street Community) and its sponsor (the Vinfen Corp.) were identified and selected for funding with the state's HOPWA funds through the state's sole source/unique provider procurement process after consultation with the HOPWA Statewide Advisory Committee (SHAC) and after notifying HUD.

Due to recent POS reforms, however, there are new procedures for RFRs and alternatives to the RFR process are limited. The rules and guidelines for the selection of projects and their sponsors are found in 801 CMR 21.00: PROCUREMENT OF COMMODITIES OR SERVICES, INCLUDING HUMAN AND SOCIAL SERVICES. This information may be found on the internet at [www.magnet.state.ma.us/osd](http://www.magnet.state.ma.us/osd).

The AIDS Bureau consults with the Statewide HOPWA Advisory Committee (SHAC) and then notifies HUD prior to using any of these procurement procedures to select and fund new sponsors and/or programs. While the AIDS Bureau expects to continue to fund the three currently funded programs with the state's current and future formula HOPWA grants, the AIDS Bureau, as mentioned elsewhere in this document, will begin a one to two year continuance of the CHIP Program funded with HOPWA dollars. As circumstances change with the epidemic and other conditions, the AIDS Bureau will identify and select new projects sponsors—or perhaps, as was the case with the HART program, discontinue funding—through established POS procedures.

NOTE: The AIDS Bureau follows the FIFO (first in, first out) principle when expending its formula HOPWA allocations; i.e., the entire FFY 94 HOPWA grant was spent before any of FFY 95's grant was spent, and all of FFY 95's grant was spent before any of FFY 96's grant was spent. Because each grant can be spent over a three-year period and because these three-year periods overlap, the FIFO principle continues to be the best way to plan for the expenditure of the state's formula HOPWA funds. During 2001, the AIDS Bureau will complete the spending of its FFY 98 HOPWA grant and begin to expend its FFY 99 grant and FFY 00 grant.

**(g) CPD Certifications**

*See following pages*

## **Certifications (General, CDBG, and HOME)**

### **(a) General**

(1) Affirmatively Further Fair Housing - The State will affirmatively further fair housing. It has conducted an analysis of impediments to fair housing choices within the jurisdiction, will take appropriate actions to overcome the effects of any impediments identified through that analysis, and will maintain records reflecting that analysis and actions in this regard.

(2) Anti-displacement and Relocation Plan - It will comply with the acquisition and relocation requirements the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

(3) Drug Free Workplace - It will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about:
  - (a) The dangers of drug abuse in the workplace;
  - (b) The grantee's policy of maintaining a drug-free workplace;
  - (c) Any available drug counseling, rehabilitation, and employee assistance programs; and
  - (d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;
4. Notifying the employee in the statement required by paragraph 1 that as a condition of employment under the grant, the employee will:
  - (a) Abide by the terms of the statement, and

- (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
  - 5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant.
  - 6. Taking one of the following actions, within 30 calendars days of receiving notices under subparagraph 4(b), with respect to any employee who is so convicted:
    - (a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
    - (b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other associated agency;
  - 7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.
- (4) Anti-Lobbying - To the best of the jurisdiction's knowledge and belief.
- 1. No Federal appropriated funds have been paid or will be paid by or on behalf of it to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract grant, loan, or cooperative agreements,
  - 2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form "Disclosure Form to Report Lobbying" in accordance with its instructions: and
  - 3. It will require that the language of paragraph (n) of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

- (5) Authority of State - The consolidated plan is authorized under State law, and the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations.
- (6) Consistency with plan - The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.
- (7) Acquisition and Relocation - The State will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended and the implementing regulations at 49 CFR part 24.
- (8) Section 3 - The State will comply with section 3 of the Housing and Urban Development Act 1968 and implementing regulations at 24 CFR part 135.

**(b) Community Development Block Grant Program**

The CDBG grantee certifies:

- (1) Citizen Participation - it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.115 and that each unit of general local government that is receiving assistance from the State is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 570.486.
- (2) Consultation with local governments -
  - 1. It has consulted with effective units of local government in the nonentitlement areas of the State in determining the method of distribution of funding;
  - 2. It engages or will engage in planning for community development activities;
  - 3. It provides or will provide technical assistance to units of general local government in connection with community development programs;
  - 4. It will not refuse to distribute funds to any unit of local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activities selected; and
  - 5. Each unit of general local government to be distributed funds will be required to identify its community development and housing needs, including the needs of the low-income and moderate-income families, and the activities to be undertaken to meet these needs.

- (3) Community Development Plan - This consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that provide decent housing, expand economic opportunities primarily for persons of low- and moderate-income. (See 24 CFR 578.2 and 24 CFR part 570)

- (4) Use of Funds - It has complied with the following criteria:

1. Maximum Feasible Priority With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities, which benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight.

The Action Plan may also include activities, which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available.

2. Overall Benefit. The aggregate use of CDBG funds including section 108 guaranteed loans during program year(s) 1998-2000 shall principally benefit persons of low- and moderate-income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period;

3. Special Assessments. It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be against the property with respect to the public improvements financed by a source other than CDBG funds.

In addition, with respect to properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the State certifies that it lacks CDBG funds to cover the assessment.

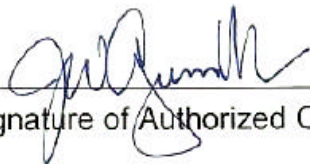
- (5) Compliance With Anti-discrimination laws- The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

- (6) Excessive Force – The State will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:
1. A policy prohibiting the use of excessive force by law enforcement agencies within their jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
  2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;
- (7) Compliance with Laws – The State will comply with applicable laws.

(d) **HOME Program**

The State certifies that:

- (1) Eligible Activities and Costs - it is using and will use HOME funds for eligible activities and costs, as described in 24 CFR 92.205 through 92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in 24 CFR 92.214.
- (2) Appropriate Financial Assistance - before committing any funds to a project, it will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing.

  
\_\_\_\_\_  
Signature of Authorized Official

11/15/02  
\_\_\_\_\_  
Date

Jane Wallis Gumble  
\_\_\_\_\_  
Name

Director, Dept. of Housing & Community Development  
\_\_\_\_\_  
Title



## APPENDIX TO CERTIFICATIONS

### INSTRUCTIONS CONCERNING LOBBYING AND DRUG-FREE WORKPLACE REQUIREMENTS:

#### A. Lobbying Certification

This Certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$10,000 for each such failure.

#### B. Drug-Free Workplace Certification

By signing and/or submitting this application or grant agreement, the grantee is providing the certification.

The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

For grantees other than individuals, Alternate I applies (This is the information to which jurisdictions certify).

For grantees that are individuals, Alternate II applies (Not applicable jurisdictions).

Workplace under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations.)

If the workplace identified to the agency changes during the performance of the grant the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).

The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

Place of Performance (Street address, city, county, state, zip code)

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Check \_\_\_\_\_ if there is workplaces on file that are not identified here: The certification with regard to the drug-free workplace required by 24 CFR part 24, subpart F.

Definitions of terms in the Nonprocurement Suspension and Department common rule and Drug Free Workplace common rule apply to this certification. Grantees' attention is called in particular to the following definitions from these rules:

"Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.16);

"Conviction" means a finding of guilt (including a plea of non-contender) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes:

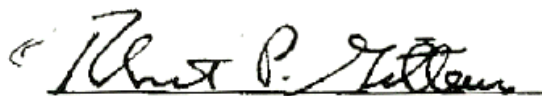
'Criminal drug statute' means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

'Employee' means the employee of a grantee directly engaged in the performance of work under a grant including: (I) all "direct charge" employees (II) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant and (III) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement consultants or independent contractors not on the grantee's payroll; or employees of subrecipient or subcontractors in covered workplaces.)

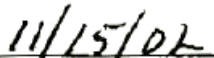
**Emergency Shelter Grant Certification**

The Emergency Shelter Grant grantee certifies that:

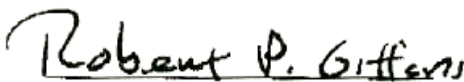
- (1) In the case of assistance involving major rehabilitation or conversion, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for not less than a 10-year period;
- (2) In the case of assistance involving rehabilitation less than that covered under paragraph (d)(1) of this section, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for not less than a three- year period;
- (3) In the case of assistance involving essential services (including but not limited to employment, health, drug abuse, or education) or maintenance, operation, insurance, utilities and furnishings, it will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure as long as the same general population is served;
- (4) Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary;
- (5) It will assist homeless individuals in obtaining appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living, and other Federal, State, local, and private assistance available for such individuals;
- (6) It will obtain matching amounts required under Sec. 576.71 of this title;
- (7) It will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location of any family violence shelter project except with the written authorization of the person responsible for the operation of that shelter;
- (8) To the maximum extent practicable, it will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under this program, in providing services assisted under the program, and in providing services for occupants of facilities assisted under the program; and
- (9) It is following a current HUD-approved consolidated plan.



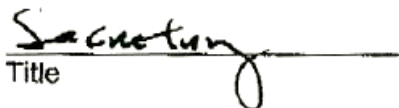
Signature of Authorized Official



Date



Name



Title

## Housing Opportunities for Persons With AIDS Certification

The Housing Opportunities for Persons With AIDS grantee certifies that:

- (1) Activities funded under the program will meet urgent needs that are not being met by available public and private sources; and
- (2) Any building or structure purchased, leased, rehabilitated, renovated, or converted with assistance under that program shall be operated for not less than 10 years specified in the plan, or for a period of not less than three years in cases involving non-substantial rehabilitation or repair of a building or structure.

Howard Kohlman  
Signature of Authorized Official

11/13/02  
Date

Commissioner

Name

HOWARD KOHLMAN

Title

**(h) Monitoring**

DHCD and EOHHS recognize and fulfill the monitoring requirements of the four grant programs included in this plan. Monitoring activities are conducted in accordance with the HUD regulations for each program, and may include the following:

1. explanation of grant contract requirements and deadlines to all grantees;
2. field visits to monitor work in progress and completed projects; monitoring is also an excellent opportunity to explore local community development strategies and possibilities and place DHCD assistance in a broader context for local officials.
3. telephone, field visit, or office conference assistance to grantees upon request, or if the agency has identified concerns as a result of a field visit or other technical assistance effort;
4. detailed explanation of ways to improve grant administration procedures should a grantee be having difficulty in meeting contract conditions;
5. ongoing consultation with HUD CPD regional office regarding program status, regulatory and reporting requirements, possible changes in program design, etc.;
6. suspension of grant activities where warranted.

**CDBG**

The CDBG program holds yearly workshops for applicants to describe the program's aims and requirements, and will be offering additional training in CDBG-related topics. Both CDBG and HOME hold sessions with grantees each year to review all contract conditions, requirements, procedures for requesting payment, etc. CDBG also requires quarterly reports and year-end audits to track activity and progress, and has developed a monitoring system that allows a representative CDBG staff person comprehensive knowledge of all funded activities in any one community. The aim of this effort is to assure the consistent application of program standards and requirements.

Mass. CDBG operational goals include program and project monitoring for progress, program compliance, fiscal management, and fiscal compliance. This process includes ongoing planning, implementation, communication and follow-up between DHCD and its grantees.

The monitoring protocol considers internal controls and processes, use and maintenance of databases and the grant application review cycle. Each of these procedures provides DHCD and grantees with a set of assessment tools for a compliance check.

Monitoring incorporates field visits and desktop reviews that consider progress indicators and submission requirements. Mass. CDBG identifies and completes a risk analysis of all active grantees. This risk analysis assigns a monitoring priority ranking to a grantee. Based upon the assigned priority, staff develops a monitoring plan. The risk rating system is as follows:

- High Priority - Change in key personnel or a change in findings, repeat findings; questioned or disallowed costs; incorrect/incomplete or late quarterly audit or status of funds reports, no subsequent year's funding, long interval since last monitoring.
- Medium Priority - Change in key personnel or incorrect/incomplete or late quarterly, audit or status of funds reports.
- Low Priority - Good/consistent management for prior 2-years; no findings; accurate, complete, timely reports.

DHCD also considers a variety of other indicators, which can affect the priority score. Examples of factors that will increase a grantee's monitoring priority include status as a new grantee to Mass. CDBG; high risk/complex projects (such as economic development); and multiple projects/multiple grants.

The tools that DHCD uses to monitor are project checklists, desktop reviews, and quarterly reports. Letters outlining findings, corrective actions and/or recommended changes are sent to a municipality's chief elected official in addition to grantee staff.

DHCD standard operating procedures include training and technical assistance to assure effective program implementation and prevent monitoring findings. Mass. CDBG staff makes several on-site visits during the program year to provide technical assistance and pre-monitor projects.

## **ESG**

For ESG, EOHHS is continuing its enhanced reporting requirements requiring dual programmatic and fiscal sign-off by each agency for these reports. EOHHS has also conducted audit preparation reviews on-site at each of its agencies administering ESG funds.

## **HOME**

DHCD will continue to contract with an outside agency to provide monitoring services and technical support to the HOME Program. Under the contract, the consulting agency is required to provide an annual report summarizing its monitoring and other activities.

The primary activity under the contract is the monitoring of recipients who have received funding from DHCD's HOME Program to undertake eligible housing activities. The purpose of the monitoring is to determine if the recipient is implementing the activities in compliance with the HOME regulations and its contractual agreement with DHCD. While regulatory compliance is the primary emphasis, the monitoring also looks for sound management practices and record keeping.

On a periodic basis, DHCD provides the list of sites for review. DHCD selects those project sites that have completed construction and are entering occupancy, as well as program administrators (local governments and not-for-profits) who are due for a review. For each recipient that is subject to a monitoring review, the agency schedules and conducts an onsite interview of key program staff, review of program files and inspection of a sample of the units produced. The results of the visit are compiled and submitted to DHCD in a draft monitoring letter, offering findings of non-compliance as well as matters of

advice to the recipient. DHCD issues the letter and receives responses from the grantee. Additionally, the agency conducts monitoring reviews semi-annually on rental projects with fewer than 25 units. The desk review analyses rent charges, income levels, recertification dates and frequency of HQS inspections.

In addition, the agency supports the HOME Program through program advice on compliance questions and annual trainings.

## **HOPWA**

The HOPWA monitoring protocol includes:

1. The CMAR: Contract Monitoring and Assessment Report.

Submitted three times a year, this is a reporting mechanism required of all housing programs funded by the AIDS Bureau. It gathers various types of information, among them: demographics on the people served (gathered monthly); degree to which goals and objectives are met; composition and training of the staff; and narratives describing a given program's experience.

2. Site visits.

Annual site visits are required. Site visits are frequently conducted more often than once a year for a variety of reasons. Topics covered in site visits typically include: physical inspection of the facility; meetings with the staff members; meetings with residents; random inspection and review of residents' folders not only to ensure eligibility requirements are being met but also that case management activities are appropriate and completed in a timely manner; and a review of items such as house rules, TB screening policy, and universal precautions.

3. Standards of Care.

The AIDS Bureau has published its *Standards of Care: Supportive Housing for Persons Living with HIV/AIDS in Massachusetts*. Compliance with these standards is required of all HIV/AIDS housing programs funded by the AIDS Bureau of DPH. Each funded agency is required to undergo a self-evaluation process that includes the participation of its residents (consumers) and a peer agency; the process is facilitated by a third agency contracted by the AIDS Bureau to provide such specialized technical assistance. The results and recommendations of this process are submitted to the AIDS Bureau and are used not only for quality assurance but also for ongoing monitoring to improve, where needed, compliance with the standards of care.

## **APPENDIX A**

### **PUBLIC COMMENT ON DRAFT FY 2003 ACTION PLAN**

**Public Comment Period:** September 30, 2002 – November 1, 2002

**Public Hearings:**

**Boston:** October 15, 2002, 10:00 A.M. – 12:00 P.M.  
Department of Housing & Community Development  
One Congress Street,  
10<sup>th</sup> Floor, Conference Room A  
Boston, MA 02114

**West Springfield:** October 18, 2001, 10:00 A.M. – 12:00 P.M.  
West Springfield Town Hall  
26 Central Street  
West Springfield, MA 01089

**Boston Public Hearing**

**Attendees Who Testified:**

Susan Clark, Town of Milford  
Holly Vernon, Policy Advocate, Boston Center for Independent Living

**Other Attendees:**

B.J. Scheff, Chair, Lincoln Housing Commission  
Rayna Caplan, Member, Lincoln Housing Commission  
Marcia Samuers  
Mark Frey, Director AIDS Housing, DPH  
Allen Spivack, Manager City HOPWA, City of Boston DND

**West Springfield Public Hearing**

**Attendees Who Testified**

Richard Malley, Community Access Liason, Stauros Center for Independent Living  
Joe Laplante, Director, West Springfield Community Development



**Other Attendees**

Mark Frey, Director AIDS Housing, DPH

Judith Kelley, Maloney Properties

Lori Tanner, Community Development Planner, Pioneer Valley Planning Commission

Jim Hanley, Director Health and Elder Services, HCOG

Paul Hills, Executive Director, Town of Ware Community Development

**Written Testimony Received From:**

Richard Malley, Stauros Center for Independent Living

Joe Tringali, Chairperson, Massachusetts Statewide Independent Living Council

**General Comments:**

- **COMMENT:** DCHD should fund the construction of more accessible housing units and insure that the work completed using CDBG and HOME funds produces accessible housing.

**RESPONSE:** As required by federal and state law, architectural access regulations, and by the building code, new construction of publicly owned and assisted housing developments will contain the required numbers of accessible units. In addition, publicly owned and assisted units will be made accessible as part of rehabilitation projects. For HOME, the new construction of any units or the substantial rehabilitation of 15 or more units of multi-family housing, Section 504 requires that 5% of the units (but not less than 1 unit) be accessible to individuals with mobility impairments and an additional 2% of the units (but not less than 1 unit) be accessible to individuals with sensory impairments. For moderate rehabilitation of 15 or more units, Section 504 also requires to the maximum extent feasible that the units be accessible to and usable by individuals with handicaps. As part of the FY 03 Enhancing Community Based Services Plan, DHCD will be examining how to increase awareness of the availability of accessible units and will evaluate how DHCD might integrate self-evaluation plans into our program administration.

- **COMMENT:** DHCD should refuse to sign off on Section 811 applications providing segregated housing for more than 3 persons with disabilities. DHCD should provide TA to groups to use Section 811 funds to provide integrated housing.

**RESPONSE:** Through the Section 811 program HUD provides funding to nonprofit organizations to develop rental housing with the availability of supportive services for very low-income adults with disabilities, and provides rent subsidies for the projects to help make them affordable. The program allows persons with disabilities to live as independently as possible in the community by increasing the supply of rental housing with the availability of supportive services. The program also provides project rental assistance, which covers the difference between the HUD-approved operating costs of the project and the tenants' contribution toward rent. The program is similar to Supportive Housing for the Elderly (Section 202) and those selected for funding must meet basic program requirements, including nonprofit status, financial commitment, and a certification from the appropriate State or local agency that the supportive services are well designed to meet the needs of the intended residents.

HUD encourages integrated designs for Section 811 projects by providing a scoring incentive for integrated housing (e.g., condominium units scattered within one or more buildings or non-contiguous independent living units on scattered sites). If an 811 application proposes to limit occupancy to a specific population, HUD requires an explanation of why it is necessary to limit occupancy, including: 1) How goals of Section 811 will still be achieved and 2) Why housing and services needs cannot be met in a more integrated setting. The Section 811 program provides a valuable resource for the creation of affordable, accessible housing with supportive services, a priority need identified in DHCD's consolidated plan.

- **COMMENT:** The shelter system in Massachusetts should be made more accessible to persons with disabilities.

**RESPONSE:** A number of state agencies operate the shelter system in Massachusetts. There are a number of shelters that are fully accessible. In addition all state agencies in accordance with the Americans with Disabilities Act, will make any arrangements or accommodations necessary to meet the needs of the disabled. Additionally, most housing authorities have developments in their portfolios, which contain apartments that have special architectural design features, which can meet the needs of certain persons with physical disabilities. All eligible and qualified homeless households, without regard to where they temporarily live, receive priority in placements for state-aided conventional public housing units. They receive this same priority under the state's Alternative Housing Voucher Program (AHVP) as well.

#### **AVHP Specific Comments**

- **COMMENT:** Since the Alternative Housing Voucher Program was cut by 25% this year, it can't serve 800 persons as indicated on p. 23 of the draft.

**RESPONSE:** The AHVP was designed to service up to 800 households, provided the number of vouchers could be supported within the budget appropriation. Due to the severe budget constraints that we face in FY '03 the Department implemented the following:

- Froze all new voucher issuance on the AHVP. That is, as participants transition from the program, the Local Housing Agency cannot reissue the voucher to an applicant from the AHVP waiting list.
- Decreased the maximum rent limits that participants can use when relocating another unit.
- Will not provide for rent increases to the owner of an AHVP unit.
- In conjunction with Local Housing Authorities and Regional Non-Profit agencies, it is anticipated that 200+ AHVP participants will be transitioned from the program to the federal Section 8 program.

With the above initiatives in place, it is projected that our FY'03 program cost will not exceed this year's appropriation and the program will serve 450-500 households. Despite the budget cuts, no households currently served by the AHVP will lose a housing subsidy given that some AHVP households will be transferred to the Section 8 program.

**CDBG Specific Comments**

- **COMMENT:** DHCD should not shift downtown activities funding to the CDF program. CDF II communities that are in the wait-out period this year, will not be eligible to apply in this spring's special round for downtown activities and thus will be excluded from downtown activities funds until 2005.

**RESPONSE:** In prior years downtown-related activities were funded through both the Ready Resource Fund (RRF) (non-competitive, rolling application process) and CDF (competitive application with deadline). DHCD has refined its CDBG policy on slum and blight activities and on economic development, and RRF will no longer entertain applications for downtown related activities. This policy refinement was implemented after extensive internal policy discussion and the use of an external focus group consisting of constituents, program users and administrators.

Regarding the "exclusion" of CDF II communities from downtown activities, this refines DHCD policy to be consistent, as CDF II communities are "excluded" from all CDF activities for two years following a grant award, with certain exceptions. CDF II communities are by definition those with moderate needs, as opposed to the higher needs CDF I communities. The Mass CDBG Program is designed to conform to the intent of the federal statute, and gives priority to the most needy communities. This priority is evident in DHCD's proposed FY 2003 budget, which allocates \$18,500,000 for CDF I and \$5,750,000 for CDF II. Additionally, the so-called "wait out" period was implemented several years ago to ensure that the CDF II communities are not served at the expense of the more needy CDF I cities and towns. Since the spring special round is a subset of FY 2003 CDF funds, consistency dictates the "wait out" rule applies.

- **COMMENT:** DHCD should soften the threshold formula on the timely expenditures deadline for CDBG funds in the FY 2004 round to enable communities that missed this deadline in the past to pursue good projects.

**RESPONSE:** The timely expenditure threshold formula may be simplified in future years but the threshold will not be softened, and in future years waivers for timely expenditure will no longer be allowed. By providing grantees an incentive to spend funds in a timely manner, DHCD is more likely to comply with the standards set by the U.S. Department of Housing and Urban Development.

- **COMMENT:** DHCD should require all communities receiving CDBG funds to complete a self-evaluation and transition plan. While HUD requires all recipients of CDBG funds to complete these steps, DHCD's Draft Action Plan requires only those communities applying for assistance with architectural barrier removal to do so.

**RESPONSE:** All communities receiving CDBG funds are required to comply with related federal regulations, including the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973, as per the grant contract. DHCD assesses a grantee's compliance as part of our monitoring and technical assistance reviews.